



# Daily Report

China

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# Daily Report China

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**(General)**

**Foreign Ministry Holds Weekly News Conference**

**DPRK Treaty 'Remains in Force'**

OW1606103094 Tokyo KYODO in English 1018 GMT  
16 Jun 94

[Text] Beijing, June 16 KYODO—A Chinese Foreign Ministry spokesman said Thursday [16 June] a 1961 Chinese-North Korean treaty guaranteeing mutual military aid in case of invasion "remains in force."

Shen Guofang, speaking at a weekly ministry briefing, refused to go into details about the 1961 treaty, saying only there is still room and the possibility for the participants involved in the nuclear issue on North Korea to arrive at "a proper settlement."

Article 3 of the 1961 Sino-North Korean Mutual Aid Treaty stipulates that if either China or North Korea is invaded by a third country, mutual aid will be offered to the country under invasion. "When one of the signatory countries of the treaty enters a state of war due to the military attack of another country or its ally, then the other signatory country must immediately, to the extent of its authority, offer military and other aid," the treaty states in a Japanese translation.

Shen, reiterating that China does not want to see the development of such a situation, said, "It is our hope that all the parties concerned choose not to talk about war but talk about ways for solving the nuclear issue."

He did not comment on North Korea's unilateral position that any UN sanctions will be treated as "a declaration of war" but said, "we hope that the interested parties will carry on their dialogues and try to relax the tensions in order to find a proper solution in the end."

The UN Security Council is considering implementing sanctions on North Korea in an effort to urge the Stalinist state to accept international inspections of its suspected nuclear weapons program.

The treaty could be seen as a good indication that China will use its power as a permanent member of the UN Security Council to veto any sanctions resolution, analysts said. The treaty, signed by the late Chinese Premier Zhou Enlai and North Korea leader Kim Il-sung, also stipulates that neither signatory will join any kind of international bloc against the other signatory.

**Avoids Comment on UN Vote**

HK1606102494 Hong Kong AFP in English 0957 GMT  
16 Jun 94

[Text] Beijing, June 16 (AFP)—China rejected Thursday a U.S. draft resolution calling for UN sanctions against North Korea over the nuclear issue, saying it was still not too late to return to the negotiating table. "China in principle doesn't subscribe to the involvement of the

Security Council in the nuclear issue of the Korean peninsula or resorting to sanctions to solving it," foreign ministry spokesman Shen Guofang told journalists when asked for China's view of the draft. "China believes that the only way to a proper solution is direct dialogue held between the parties concerned," Shen told a weekly news briefing, urging all sides to make every effort to ensure a return to talks rather than resorting to action that could lead to confrontation. "We believe there is still room and the possibility for a proper solution to this issue," Shen said.

The United States presented UN Security Council members Wednesday with the draft of a resolution calling for phased sanctions against North Korea after it this week pulled out of the International Atomic Energy Agency (IAEA). China, which has veto power as a permanent member of the Security Council, has consistently opposed calls for sanctions against its communist ally. Despite reiterating this stance, Shen avoided questions on whether China would vote against the UN resolution or simply abstain. China has abstained, rather than use its veto power in past admonishments of Pyongyang's failure to live up to its commitment under the Nuclear Non-Proliferation Treaty, which it signed in 1985. Last week, China abstained from an IAEA vote to suspend technical assistance to North Korea in response to its refusal to allow inspectors access to its nuclear facilities.

The spokesman said that, "we regret the action the IAEA took on June 10 and the consequences that action has already caused," warning of the dangers of further heightening tensions. "At the present time, none of the parties involved has evidence showing that North Korea has developed nuclear arms," the spokesman said. "Before this is clarified, it would not be advisable to take action that might lead to the intensification of the confrontation and even to the outbreak of war. It would be ridiculous that, before an atomic bomb is completed, a war has broken out. That would not be good for any of the sides," he said.

Shen acknowledged that a 1961 agreement of friendship and mutual assistance between China and North Korea remained in force, but would not be drawn on whether the treaty obliged Beijing to give military assistance to its ally in case of war. "It is our hope that the parties concerned will choose not to talk about war but talk about ways of solving the nuclear issue," he said.

**Rejects U.S. Draft Resolution on DPRK**

HK1606092994 Hong Kong AFP in English 0907 GMT  
16 Jun 94

[Text] Beijing, June 16 (AFP)—China rejected Thursday a U.S. draft resolution calling for UN sanctions against North Korea over the nuclear issue, saying it was still not too late to return to the negotiating table. "China in principle doesn't subscribe to the involvement of the Security Council in the nuclear issue of the Korean peninsula or resorting to sanctions to solving it," foreign ministry spokesman Shen Guofang told journalists when



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#### 'Demands' SRV Stop 'Infringement'

OW1606091394 Beijing XINHUA in English 0906  
GMT 16 Jun 94

[Text] Beijing, June 16 (XINHUA)—The Chinese Government demands once again that the Vietnamese Government stop its acts of infringement upon China's sovereignty, a Chinese Foreign Ministry spokesman said here today.

Since mid-May this year, the Vietnamese side has sent exploratory vessels to Wan An Reef (Vanguard Bank) area of China's Nansha [Spratly] sea area to conduct geophysical operation, spokesman Shen Guofang said at a weekly press conference this afternoon.

As is known to all, China has indisputable sovereignty over the Nansha Islands and their adjacent waters, and Wan An Reef is part of the Nansha Islands, he said.

In recent years, Vietnam has demarcated certain blocks in this area for external bidding and repeatedly harassed the normal scientific survey and fishing activities of Chinese vessels, he said. Now it has moved into this area for oil and gas prospecting and development.

"It must be pointed out that these moves have seriously violated China's sovereignty over the Nansha Islands, and also put the 'Wab-21' petroleum contract signed between China National Offshore Oil Corporation and Crestone Energy Corporation of the U.S.A. in serious jeopardy", Shen said.

The Chinese side has made solemn representations on many occasions to the Vietnamese side over its acts of violating China's sovereignty in Nansha, he said.

"The Chinese Government demands once again that the Vietnamese Government, proceeding from the overall interests of maintaining and developing the bilateral relations and preserving peace and stability in the region, stop the above-mentioned acts of infringement upon China's sovereignty," the spokesman said.

#### Confirms British Minister's Visit

HK1606103294 Hong Kong AFP in English 1037 GMT  
16 Jun 94

[Text] Beijing, June 16 (AFP)—China confirmed Thursday that British Foreign Office Minister Alistair Goodlad will visit here in July, stressing Beijing's desire to resume cooperation with London despite "difficulties" over Hong Kong. Goodlad will visit China as the guest of the foreign ministry, but arrangements for the trip are still being discussed, ministry spokesman Shen Guofang told journalists.

Goodlad—who has special responsibility for Hong Kong, Southeast Asia, Australasia and the Pacific—will be the first foreign office minister to visit here since Foreign Secretary Douglas Hurd's trip last July.

"The Chinese side hopes that difficulties on the question of Hong Kong will not affect ties between the two countries in other areas," said Shen, but added this would depend on the "approach and actions" of the British. He pointed to "some progress" already in expert meetings on the funding of Hong Kong's new 20.3 billion dollar airport project and on the allocation of military sites after 1997. Noting that Sino-British Joint Liaison Group talks would resume next Tuesday, Shen said "we hope an agreement can be reached at an early date."

The conciliatory comments are a far cry from the recriminations traded by the two sides in the past two years during a row over democratic reform in Hong Kong and the latest sign that China and Britain are seeking to mend fences. Foreign Minister Qian Qichen said Tuesday Beijing and London should continue cooperation on other aspects of the colony's 1997 handback to China. Earlier this week, plans were announced for a 100-member British trade delegation to visit China in September for a 15-day trip aimed at boosting economic cooperation.

#### Li Peng To Visit Europe

OW1606091094 Beijing XINHUA in English 0853  
GMT 16 Jun 94

[Text] Beijing, June 16 (XINHUA)—Premier Li Peng will pay official visits to the Republic of Austria, the Federal Republic of Germany and Romania from June 29 to July 12, a Chinese Foreign Ministry spokesman announced at a weekly press conference here this afternoon.

According to the spokesman, the Chinese premier will pay visits to the three above countries at the invitation of Austrian Prime Minister Franz Vranitzky, German Chancellor Helmut Kohl, and Romanian President Ion Iliescu and Prime Minister Nicolae Vacaroiu.



**Tajikistan Supreme Soviet Group To Visit**

OW1606091994 Beijing XINHUA in English 0912  
GMT 16 Jun 94

[Text] Beijing, June 16 (XINHUA)—A delegation of the Supreme Soviet of the Republic of Tajikistan headed by its First Vice-Chairman Dojdiyev [spelling of name as received] will pay an official goodwill visit to China from June 21 to 26, as guests of China's National People's Congress Standing Committee.

A spokesman for the Chinese Foreign Ministry made this announcement at the weekly press conference here today.

**Philippine Vice President To Visit**

OW1606084694 Beijing XINHUA in English 0840  
GMT 16 Jun 94

[Text] Beijing, June 16 (XINHUA)—Vice-President Joseph Estrada of the Republic of the Philippines will pay an official visit to China from June 18 to 25, at the invitation of Chinese Vice-President Rong Yiren.

This announcement was made by a Chinese Foreign Ministry spokesman at a weekly press conference here this afternoon.

**Spokesman Comments on DPRK's Withdrawal From IAEA**

OW1506125594 Beijing XINHUA Domestic Service in Chinese 1217 GMT 15 Jun 94

[Text] Beijing, 15 Jun (XINHUA)—Chinese Foreign Ministry spokesman said in a statement on the Korean nuclear issue: The Chinese Government appeals again to all parties concerned to be calm; exercise restraint; and do all they can to resume dialogue, consultation, and negotiation as soon as possible to avoid further worsening of the situation.

On 10 June, the Board of Governors of the International Atomic Energy Agency [IAEA], at the urging of some countries, adopted a resolution on suspension of technical aid to the DPRK. On 13 June, the DPRK announced its withdrawal from the IAEA.

The spokesman said: "We regret the negative development of the situation. The Chinese Government appeals again to all parties concerned to be calm; exercise restraint; do all they can to resume dialogue, consultation, and negotiation as soon as possible to continue the search of a proper settlement of relevant issues and avoid further worsening of the situation."

**Former President Carter Crosses Into DPRK**

OW1506112994 Beijing XINHUA in English 0959  
GMT 15 Jun 94

[Text] Seoul, June 15 (XINHUA)—Former U.S. President Jimmy Carter today passed through the heavily-fortified border village of Panmunjom on his way to Pyongyang for talks with President Kim Il-sung over the nuclear issue.

Carter arrived here on Monday [13 June] in a prelude to his visit to the Democratic People's Republic of Korea (DPRK) for possible mediation in Pyongyang's suspected nuclear weapons program.

During his stay here, the former U.S. president respectively met with South Korean President Kim Yong-sam, deputy prime minister and National Unification Board (NUB) Minister Yi Hong-ku and Foreign Minister Han Sung-chu.

Carter is likely to convey to the DPRK the position of the U.S. and South Korea on a settlement of the nuclear problem.

His visit to the Korean peninsula comes at a time when the DPRK decided to quit the U.N. nuclear watchdog agency while South Korea, the U.S. and Japan are stepping up their effort towards U.N. sanctions against Pyongyang.

The DPRK has reportedly banned inspectors of the International Atomic Energy Agency (IAEA) from testing samples of nuclear fuel to determine whether it has been diverted secretly to make atomic weapons.

The DPRK insists that its nuclear program is strictly peaceful and warned that any sanctions aimed at forcing it to accept inspections will be regarded as a declaration of war.

Carter said earlier that his trip to the Korean peninsula would be a private one. "My hope is to discuss some of the important issues of the day with leaders of the area," he said.

The former president will return to Seoul via Panmunjom on June 18 to brief South Korean President Kim Yong-sam on the results of his talks with DPRK leaders before heading back to Washington.

**DPRK Vice Premier Meets Carter**

OW1506162594 Beijing XINHUA in English 1545  
GMT 15 Jun 94

[Text] Pyongyang, June 15 (XINHUA)—Vice-premier and Foreign Minister Kim Yong-nam of the Democratic People's Republic of Korea (DPRK) met visiting former United States President Jimmy Carter today and discussed the nuclear issue which is of common concern.

Carter passed through the truce village of Panmunjon and arrived here this morning at the invitation of Kim Yong-nam on a four-day private visit to the DPRK.

Carter's visit to the DPRK is aimed at facilitating exchanges of points of view on the nuclear issue among the United States, South Korea and the DPRK. He is expected to meet with the DPRK's leader Kim Il-sung.

Carter had met with South Korean President Kim Yong-sam and Foreign Minister Han Sung-chu before arriving here.

It is reported that Carter's visit to the DPRK will help solve the nuclear issue on the Korean peninsula, but the U.S. Government has said that Carter's private visit would not affect its Korean policy.

#### **Carter Views U.S.-DPRK Relations**

*OW1606034494 Beijing XINHUA in English 0314  
GMT 16 Jun 94*

["Carter: Time Has Come for Overall U.S.-DPRK Relations"]

[Text] Pyongyang, June 16 (XINHUA)—It's time for the United States and the Democratic People's Republic of Korea (DPRK) to establish a comprehensive relationship, said former U.S. President Jimmy Carter here on Wednesday [16 June].

Speaking at a dinner in his honor, he said both nations should prepare for overall bilateral relations, which should include friendship, mutual understanding, trade and personnel exchange.

On the vital nuclear issue on the peninsula, he noted that unfortunately this problem has caused great misunderstanding between the two nations, and expressed the hope that the dispute can be solved through joint efforts.

As soon as a solution to this issue is found, other problems can also be solved, he said.

Carter added that he and the U.S. leaders are confident that a peaceful unification of the Korean peninsula can be achieved.

Kim Yong-nam, vice premier and foreign minister of the DPRK, said that it is the common desire of both nations and their people that bilateral relations will be normalized one day.

Kim pointed out that if the U.S. respects the DPRK's sovereignty and treats it justly, a perfect solution to the nuclear issue will certainly be found.

This solution will be conducive to peace in Asia and throughout the world as well, he added.

Carter passed through the truce village of Panmunjon and arrived here Wednesday morning on a four-day private visit to the DPRK for possible mediation of the dispute over Pyongyang's suspected nuclear weapons program. He is expected to meet with the DPRK's leader Kim Il-sung.

Carter met with South Korean President Kim Yong-sam and Foreign Minister Han Sung-chu before arriving here.

#### **DPRK Completes Legal Procedures To Quit IAEA**

*OW1506162494 Beijing XINHUA in English 1522  
GMT 15 Jun 94*

[Text] Pyongyang, June 15 (XINHUA)—The Democratic People's Republic of Korea (DPRK) said today that it has completed all the necessary legal procedures to withdraw from the International Atomic Energy Agency (IAEA) as of June 13.

KOREA'S CENTRAL NEWS AGENCY (KCNA) reported that Foreign Minister Kim Yong-nam had sent a notice to Warren Christopher, secretary of state of the United States, which is the depository state of the IAEA statute, on the same day as Pyongyang announced its withdrawal from the world's nuclear watchdog body.

This move, which is in accordance with the related principle of the IAEA statute, means that the DPRK Government has completed all the legal procedures necessary for the withdrawal, according to KCNA.

The statement came on the second day after the IAEA said that the DPRK has failed to formally inform the agency of its decision as well as not presenting a written notice to the United States.

The actual state of the withdrawal will be decided by the agency's secretariat after it gives an official reply to the DPRK's written notice to the United States, which should be submitted in advance, said the IAEA.

Pyongyang Monday announced its withdrawal and said it will permit no more IAEA inspections for the continuity of nuclear safeguards in the country after the IAEA decided on June 10 to impose sanctions against it.

In the notice to Christopher, Kim described the IAEA decision as "another unjust resolution" despite DPRK's "strong opposition and warnings" and said: "The secretariat has pursued the dishonest political purposes of stifling the DPRK under the pretext of its inspections rather than seeking a fair resolution of the nuclear issue."

#### **ROK Approves Sanctions Resolution Against DPRK**

*OW1606054194 Beijing XINHUA in English 0532  
GMT 16 Jun 94*

["South Korea Approves Sanctions Resolution Against DPRK"]

[Text] Seoul, June 16 (XINHUA)—President Kim Yong-sam has approved the United States-drafted resolution to be submitted to the United Nations on sanctions against the Democratic People's Republic of Korea (DPRK), South Korean Foreign Minister Han Sung-chu said here today.



The government reviewed the draft resolution it received early on Wednesday [15 June] at a unification and national security policy coordination meeting, and agreed that it was ready to take part in UN consultations, Han said at a press conference.

The draft gives the DPRK a 30-day grace period to comply unconditionally with the nuclear safeguards agreement and implement the inter-Korean accord on denuclearization.

It contains six points, including a mandatory ban on weapons imports and exports, partial diplomatic sanctions, a ban on all flights except regular passenger services, and an embargo on any technical cooperation related to nuclear technology.

These are the first phase of sanctions, Han said, with the second phase to include preventing the remittance of funds to the DPRK from abroad and freezing all the DPRK's assets abroad.

The second phase would be implemented immediately in the event of any negative action by Pyongyang, such as withdrawing from the Nuclear Nonproliferation Treaty (NPT), he explained.

The U.S. drew up the draft resolution after consultations with South Korea and Japan when the DPRK banned inspectors from the International Atomic Energy Agency (IAEA) from testing samples of nuclear fuel to determine whether some had been diverted secretly to make atomic weapons.

Pyongyang has warned that any sanctions aimed at forcing it to accept inspections will be regarded as a declaration of war. At the same time it has insisted that its nuclear program is strictly peaceful.

On Monday, the DPRK announced that it would withdraw immediately from the IAEA, the United Nations nuclear watchdog, and accept no more inspections of its nuclear program. It said this was in retaliation for the agency's own sanctions resolution against Pyongyang providing for an immediate halt to IAEA technical assistance to the DPRK totaling 250,000 U.S. dollars a year.

"The draft resolution, if adopted as it is, will be very effective in exerting pressure on the DPRK," said the South Korean foreign minister.

Han predicted that it would take two or three weeks for the draft to pass discussion by the United Nations Security Council and to be finally adopted.

"As we have said before, the purpose of the resolution is not to impose the sanctions themselves, but to clear up the suspicion about the DPRK's past nuclear activities and secure nuclear transparency," he explained.

Before, or even after, the resolution is adopted, the door will remain open for dialogue "if the DPRK fulfills its

obligations under the nuclear safeguards accord and cooperates with the IAEA," Han said.

#### **Kozyrev Says Sanctions Against DPRK Undesirable**

OW1606011994 Beijing XINHUA in English 0037  
GMT 16 Jun 94

["Sanctions Against DPRK Undesirable, Kozyrev Says"]

[Text] Moscow, June 15 (XINHUA)—Russian Foreign Minister Andrey Kozyrev said on Wednesday [15 June] that international sanctions against the Democratic People's Republic of Korea (DPRK) over the nuclear issue would be "very undesirable."

After his talks with his visiting Vietnamese Counterpart Nguyen Manh Cam, Kozyrev recalled in an interview with reporters that Russia has proposed holding an international conference on security and nuclear-free status of the Korean peninsula.

This idea is now under consideration, he added.

"There has been a proposal to impose sanctions. We do not rule out the possibility, quite unfortunately, that it may come to that. But it would be a very unreasonable development of the situation. It would be also unreasonable if North Korea (DPRK) withdraws from the nuclear non-proliferation regime," the Russian foreign minister added.

"I think that not all chances have been lost and there is still hope that this door has not been closed yet," he said.

#### **President Clinton Says U.S. Begins UN Discussions on DPRK**

OW1506222294 Beijing XINHUA in English 2144  
GMT 15 Jun 94

[Text] Washington, June 15 (XINHUA)—U.S. President Bill Clinton announced here that the United States was beginning formal discussions today at the United Nations about a sanction resolution against the Democratic People's Republic of Korea (DPRK).

"We are going to be very deliberate, very firm," Clinton told reporters at the White House before meeting with bipartisan congressional leaders.

He said that the proposed resolution would "include phased sanctions designed to deal not only with the actions of the North Koreans to date, but as a deterrent to future constructive conduct with regard to the IAEA (International Atomic Energy Agency) and the NPT (Non-Proliferation Treaty) [Nuclear Non-Proliferation Treaty]."

"I feel that we are pursuing the proper course at this time," the President claimed.

Asked what he hopes for former President Jimmy Carter's meetings with the DPRK leaders, Clinton said he is more hopeful that Carter "will get a better sense from them about where they are and that they will understand that we're very firm in our position."

But "there is an alternative path and a very good one for North Korea," Clinton also said, "They don't have to become more isolated; they could become more engaged in the world in ways that would be much better for their own people."

#### **Albright Reveals Draft UN Sanctions Against DPRK**

OW1506222494 Beijing XINHUA in English 2141  
GMT 15 Jun 94

[Text] United Nations, June 15 (XINHUA)—The top U.S. official to the United Nations revealed today the contents of a draft resolution on sanctions against the Democratic People's Republic of Korea (DPRK) amid the current nuclear dispute.

Madeline Albright, the U.S. permanent representative to the United Nations, read to reporters the elements of the U.S.-drafted resolution.

"Phase one will impose significant sanctions and will impose heavy price in terms of diplomatic isolation on North Korea," she said.

"And these sanctions will take into effect after a relatively short period of time which is normal in our sanctions resolutions," she added.

Generally speaking, the sanctions fall into five categories, she said. The five categories are as follows:

First is stopping technical and scientific cooperation, that can be contributed to DPRK nuclear knowledge.

The second is terminating all economic assistance through the United Nations or its subsidiaries.

The third is reducing the size and scope of diplomatic activities with the DPRK both bilaterally and through international organizations.

The fourth will be curtailing cultural, technical, scientific, commercial and educational exchanges with the DPRK both in that country and elsewhere.

And finally, prohibiting the DPRK from exporting and importing any weapons or components, and that is mandatory.

"If there is further backsliding by North Korea in terms of safeguarding present and future nuclear material, we will tighten the sanctions by cutting all financial transaction with Pyongyang," she warned.

But she said this would not be a sanction by tomorrow or the day after tomorrow. She said that it was a complex

problem, that the U.S. would be working with all members of the Security Council, as well as the Republic of Korea and Japan, in this particular issue.

The DPRK officially notified the U.S. On Tuesday that it was withdrawing from the International Atomic Energy Agency (IAEA).

#### **Column Sees Signs of Improvement in Korean Situation**

HK1606102194 Hong Kong TA KUNG PAO in Chinese  
16 Jun 94 p 4

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "Carter Arrives in Pyongyang, Korean Situation Shows Sign of Improvement"]

#### **[Text] De Facto "Presidential Envoy"**

Just as the DPRK announced its withdrawal from the International Atomic Energy Agency [IAEA] and the Security Council was deliberating on economic sanctions, Jimmy Carter, former U.S. Democratic president, arrived in Pyongyang yesterday through Panmunjom. He will stay in Pyongyang for three days and will meet and hold talks with President Kim Il-song. Although foreign media described the situation on the Korean Peninsula as "very tense" following the DPRK withdrawal from IAEA, in fact there is still much room for relaxation in the situation. Carter's visit to the DPRK is probably a turning point.

Although former President Carter has gone to the DPRK in an unofficial capacity, he is actually a "special envoy" of President Clinton and the importance of this visit is self-evident. The DPRK also attaches great importance to Carter's visit has given him a red carpet reception. All this shows that the current U.S.-DPRK talks on the nuclear issue are an important struggle.

When withdrawing from the IAEA, Pyongyang issued a toughly worded statement warning the Security Council that the adoption of economic sanctions would be tantamount to a "declaration of war" against Pyongyang and would meet strong resistance.

The U.S. reaction is that, if the DPRK officially withdraws from the international nuclear body, it shows that the situation is serious and that it is necessary to step up sanctions. Japan, Canada, and other countries have also indicated their support for sanctions. We should now see how the Security Council will deal with this issue. The Security Council is expected to meet on 15 June. Generally speaking, a draft resolution should first be discussed among the five permanent members (the United States, Britain, France, Russia, and China) and the United States should explain to the 10 nonpermanent members the contents of the draft sanctions resolution. However, before the result of the Carter-Kim Il-song talks is known, all posturing by the United States and the DPRK can only be regarded as "preparing the ground."



**Recriminations By the United States and DPRK Are Only Aimed At "Preparing the Ground"**

The DPRK has indicated its readiness to go to war and sounded very serious. However, the situation will change if senior U.S. and DPRK officials resume talks. When meeting with Harrison, senior researcher at the U.S. Institute for International Peace, Kim Il-song said: If the United States provides DPRK with a light water reactor [qing shui lu 6536 3055 3619] or decides to grant the relevant credits, the latter is ready to suspend the construction of a 50 mw graphite moderated atomic reactor.

Kang Sok-chu, DPRK's first deputy foreign minister and chief representative at the senior U.S.-DPRK official talks, told Harrison that the light water reactor would be imported from Russia rather than the United States and that the money could be paid from U.S. loans to Russia. Provided that the supply of a light water reactor is resolved, DPRK is ready to freeze its current nuclear program.

Harrison considered this plan as feasible. He said the United States will welcome the DPRK proposal on freezing the construction of an atomic reactor and its processing facilities. He hoped that the two countries will open talks in this respect.

**The DPRK Is Incapable of Producing Nuclear Bombs**

In fact, the DPRK wants to normalize relations with the United States and has proposed the resumption of talks by senior government officials. Secondly, it hopes the United States will provide it with the money to buy a light water reactor for which it is ready to freeze its current nuclear program.

Seen against this background, how can we say that the DPRK wants to make atom bombs to threaten other countries? It wants to raise funds from the United States and Japan even when buying a light water reactor. Does not this precisely show that the DPRK has no plan and is incapable of developing nuclear armament?

It is believed that Carter will be able to obtain a new and direct message in Pyongyang and understand the DPRK's intentions. First of all, the United States should not press forward steadily and threaten to impose sanctions against the other side at every turn. Although the DPRK claims to withdraw from the IAEA, it has not withdrawn from the International Nuclear Nonproliferation Treaty. If the United States applies steady pressure, it will force the DPRK to withdraw from the nuclear nonproliferation treaty as well. Conversely, if the talks run smoothly, Pyongyang may cancel its withdrawal from IAEA.

It is impossible to compel a country to submit by applying strong pressure. The actual situation in the Korean issue is not as serious as reported outside; the crucial issues are U.S. policy and Clinton's attitude.

**Vietnamese Premier Arrives in Moscow**

OW1506155494 Beijing XINHUA in English 1442  
GMT 15 Jun 94

[Text] Moscow, June 15 (XINHUA)—Vietnamese Prime Minister Vo Van Kiet arrived in Moscow on Wednesday [15 June] for a three-day official visit to Russia.

The Vietnamese premier, accompanied by a large team including businessmen, flew to Moscow on board a chartered Boeing-767 with an Australian crew and landed at Moscow's Vnukovo-2 Airport.

In Moscow, he is expected to meet with Russian President Boris Yeltsin and hold talks with his Russian counterpart Viktor Chernomyrdin. The sides are scheduled to sign a package of documents on bilateral cooperation in trade-economic and other fields.

According to official sources here, trade between Russia and Vietnam ran at over 300 million U.S. dollars last year.

**Vietnamese Defense Minister Visits DPRK**

OW1506155694 Beijing XINHUA in English 1510  
GMT 15 Jun 94

[Text] Pyongyang, June 15 (XINHUA)—Vietnamese Defense Minister Doan Khue is heading up a military delegation on a visit to the Democratic People's Republic of Korea (DPRK), the first at such a high level for many years.

The KCNA NEWS AGENCY said the delegation held talks today with a DPRK's Minister of People's Armed Forces General O Chin-u who said the event marked a new phase in the traditional friendship between the two countries.

**Thailand, Australia To Buy Russian Weapons**

OW1506141594 Beijing XINHUA in English 1335  
GMT 15 Jun 94

[Text] Moscow, June 15 (XINHUA)—Russian President Boris Yeltsin announced today that the Kremlin is ready to reduce the Russian Army from three million to 1.5 million people, according to reports reaching here.

During a meeting with Amur regional officials in the far eastern city of Blagoveshchensk, the Russian leader stressed that the Army does not need such a large amount of technology and that mobile armaments, which would compete on the external market, are essential.

Yeltsin also said that, in addition to Malaysia, Russian arms will be also purchased by Thailand and Australia.

Observers here believe that it is difficult for Russia to keep the original number of troops because of a lack of money.

**U.S. Envoy's Sudan Trip 'Positive'***OW1506222394 Beijing XINHUA in English 1818  
GMT 15 Jun 94*

[Text] Khartoum, June 15 (XINHUA)—Sudanese President Umar Hasan al-Bashir today described a U.S. approach toward Sudan as positive reflecting its growing interest in Sudan.

The president opined that the fact that the U.S. President Bill Clinton's envoy to Sudan Melissa F. Wells did not raise issues such as terrorism and human rights during talks with Sudanese officials here was a step towards better relations between the two governments.

Bashir, in an address to a regular get-together with Sudanese media leaders here, described the U.S. envoys visit as the first direct dealing between the Sudanese and U.S. Governments.

He welcomed the approach, saying that the U.S. envoy came to discuss concrete issues of peace (in south Sudan) and relief measures.

The U.S. presidential envoy, who arrived here on June 11, concluded a four-day visit to the country.

**'Round-Up' Views U.S. Banking System***OW1506222394 Beijing XINHUA in English 2043  
GMT 15 Jun 94*

["Round-Up" by Wang Nan: "In Banking Business, It's American vs. Foreign"]

[Text] Washington, June 15 (XINHUA)—With declining credit quality, lower profits and efficiency, foreign banks are being squeezed out of America's lucrative financial markets.

And it was not long ago when fears were raised in financial circles that foreign banks would be out-competing U.S. banks in their home market.

Recent developments, observers here pointed out, called into question the argument that the role of U.S.-owned banks is declining.

It also suggested that despite having captured a bigger share of U.S. banking businesses, further penetration into the U.S. market by foreign banks is far from certain.

"It's clear foreign banks have gained significant U.S. market share in business lending, but that growth seems to have reached a plateau," said Daniel Nolle, economist in the Department of Treasury.

According to the Office of the Comptroller of the Currency (OCC), in 1991, foreign banks accounted almost 24 percent of banking industry assets in the U.S. and 45 percent of business lending to U.S. firms.

But since then, primarily due to reduced assets of Japanese banks in the U.S., foreign banks' market share has declined, dipping to 28 percent at mid-year 1993.

Meanwhile, for every year since 1983, except 1987, foreign banks in the U.S. consistently recorded lower return on assets and return on equity as compared with U.S.-owned banks.

After 1991, while U.S. banks saw a surge in profits, with return on assets at 0.95 percent in 1992, foreign banks' profits were lower than their 1980s average, with 1992's return on assets at 0.03 percent.

The return on equity in 1992 was 0.41 for foreign-owned banks and 13.21 for all U.S. banks.

"Foreign banks have paid a price in terms of efficiency and profitability for the U.S. market share they have captured," said the latest report by the OCC's Bank Research Division.

"From a broad perspective," the report asserted, "This result should not be surprising."

A year ago, when the latest data were available, there were 700 foreign banks' branches, agencies and subsidiaries in the U.S., with total assets of 948 billion U.S. dollars.

Observers said that foreign banks entered the U.S. market mainly to service the international trade and direct investment needs of their home country clients.

Meanwhile, the observers said, cross-country differences in bank capital requirements also are likely to have an impact on the growth of foreign banks in the U.S..

More recently, foreign banks from a number of countries have reduced their presence in the U.S. due to banking sector problems in their home countries.

In particular, Japanese-owned banks operating in the U.S. have been affected by credit quality and capital requirements problems of their parent banks.

Despite the integration of the global financial community, observers said, banks expanding abroad still have significant hurdles to overcome in order to operate successfully in a foreign market.

**'Comprehensive' Trade Show Opens in New York***OW1006223594 Beijing XINHUA in English 2114  
GMT 10 Jun 94*

[Text] New York, June 10 (XINHUA)—China Trade Expo '94 opened in New York today.

According to Xu Dayu, vice chairman of China Council for the Promotion of International Trade, the purpose of this exhibition was to show new achievements in China's reform and socialist market economy, and further promote trade deal so as to push forward the trade and economic relations between the United States and China.

The comprehensive trade show, the fifth since 1990, showcased products from nearly 100 foreign trade enterprises and industries from Zhejiang, Jiangsu, Guangzhou, Shenzhen in China. Some of the exhibits were handicrafts, mineral, chemical, electronic, machinery and light industry products.

The six-day show at the Jacob K. Javits Convention Center was sponsored by China Council for the Promotion of International Trade.

#### Correction to Daily Says Tension Over Korea 'Manmade'

HK1506025094

The following correction pertains to an item entitled "TA KUNG PAO Says Tension on Korea 'Manmade'" published in the General section of the 13 June China DAILY REPORT on page seven: Page seven, column one, paragraph four, last sentence make read: "...United States and does not favor the immediate adoption..." (correcting translation) Paragraph five, third sentence make read: "...Korean war. Moreover, as a result of its own policies, the DPRK is..." (correcting translation) Column two, paragraph four, first sentence make read: "...as an international nanny, if not a bully" (Assistant Secretary of State Lord's words). This has aroused resentment among many Asian countries. Now that the... (changing "housekeeper" to "nanny" and providing sentence)

#### Central Eurasia

#### SRV Premier To Sign Friendship Treaty in Moscow

OW1506141694 Beijing XINHUA in English 1336  
GMT 15 Jun 94

[Text] Moscow, June 15 (XINHUA)—Vietnamese Prime Minister Vo Van Kiet arrives in Moscow later today for a three-day official visit to Russia.

This is the first time for the Vietnamese premier to meet with top Russian leaders since the break-up of the Soviet Union.

"While on a visit to the Russian Federation, we shall attach much importance to strengthening the relations of traditional friendship and cooperation between our two countries in various fields," Vo Van Kiet said in Hanoi before his departure, according to the ITAR-TASS NEWS AGENCY.

Sources of the Russian Foreign Ministry said a treaty on the principles of friendly relations between Russia and Vietnam is to be signed during the visit. The treaty is expected to strengthen the legal basis of all-round bilateral cooperation.

Other documents are also expected to be signed. They will include an agreement on trade and economic cooperation in the agro-industrial sector and an agreement on cooperation in fisheries.

Moreover, a wide range of matters concerning cooperation in the political, trade, economic and other spheres and a number of international problems are to be discussed during Vo Van Kiet's meetings with Russian President Boris Yeltsin and Prime Minister Viktor Chernomyrdin.

#### Russia, SRV Premiers Meet

OW1606092794 Beijing XINHUA in English 0916  
GMT 16 Jun 94

[Text] Moscow, June 16 (XINHUA)—Russian Prime Minister Viktor Chernomyrdin held talks here today with his visiting Vietnamese counterpart Vo Van Kiet on bilateral trade and economic issues.

During the talks, Chernomyrdin said: "I hope that all questions concerning cooperation between Russia and Vietnam will be resolved in the course of the present round of talks."

A source close to the Russian Government told reporters that "the road is now clear" to the signing of a treaty of friendly relations between the two countries. The treaty will strengthen the legal base of all-round bilateral cooperation, the source said.

The two sides are also expected to sign a package of documents.

The Vietnamese prime minister arrived in Moscow on Wednesday [15 June] for a three-day official visit. He is expected to meet with Russian President Boris Yeltsin.

#### Heilongjiang Vice Governor Meets With Russian Delegation

SK1606012294 Harbin Heilongjiang People's Radio  
Network in Mandarin 2200 GMT 15 Jun 94

[Text] On the evening of 15 June, Vice Governor Wang Zhongzhang met with Rogachev, Russian ambassador to China, the Russian Chamber of Industry and Commerce delegation, and the Russian enterprise society delegation at the provincial government office.

On behalf of Acting Governor Tian Fengshan, Vice Governor Wang Zhongzhang extended welcome to and thanked the Russian guests for attending the trade fair. He said: The Harbin trade fair has become a major affair for border economic and trade cooperation between China and Russia. The successful convocation of each Harbin trade fair can never be separated from the efforts of the Russian side. Not long ago, when Rogachev visited



Beijing, he and the Chinese side expressed the determination to keep an eye on developing cooperative relations between the two countries during the 21st century and said that the Harbin trade fair was an ideal place for this.

Rogachev said: It is not easy to hold this kind of trade fair. He also believed that Harbin trade fair had become a bridge for world economic and trade cooperation. He also offered views on the current issue of carrying out economic and trade cooperation with our province.

#### **Russia To Introduce Bankruptcy for Inefficient Firms**

OW1506142594 Beijing XINHUA in English 1410  
GMT 15 Jun 94

[Text] Moscow, June 15 (XINHUA)—President Boris Yeltsin has warned that a system of making inefficient organizations bankrupt will be introduced in Russia in the near future.

Yeltsin's comments came as he met with entrepreneurs in the city of Blagoveshchensk in the Far East Amur region of the country, on the border with China.

"The times when enterprises and whole regions lived at the expense of the state budget are over," Yeltsin said. "It is necessary to find one's own resources to survive since living on subsidies under market conditions is a shame."

He explained that Russia's current task was to transfer the macro reform to a micro level which is aimed at attracting investment to boost production and solve social problems.

Earlier today Yeltsin visited the Blagoveshchensk ship-building yard where he talked with the workers and management. He promised to help seek customers for larger fishing seiners while suggesting the yard should also make small boats, which farmers need, on direct, non-state orders.

Yeltsin arrived in Blagoveshchensk on Tuesday (14 June) for a four-day working visit. He is also scheduled to visit the local Republic of Tuva.

#### **Estonian President, Delegation Visit Shanghai**

OW1506133194 Beijing XINHUA in English 1241  
GMT 15 Jun 94

[Text] Shanghai, June 15 (XINHUA)—Estonian President Lennart Meri and his party toured the Jingqiao (Golden Bridge) Export Processing Zone here this afternoon.

The six-sq-km zone, located in the heart of the Pudong New Area, boasts over 200 projects, each involving an average 13 million U.S. dollars in foreign investment.

This afternoon, President Meri also visited township enterprises and farm families in suburban Nanhui County.

In the meantime, Estonian entrepreneurs touring with Meri held talks with their local counterparts.

President Meri and his party arrived here this morning from Beijing.

#### **Meri Leaves Shanghai for Shenzhen**

OW1606110494 Beijing XINHUA in English 1058  
GMT 16 Jun 94

[Text] Shanghai, June 16 (XINHUA)—Estonian President Lennart Meri ended his two-day visit to Shanghai and left here for Shenzhen by air this afternoon.

Huang Ju, Shanghai's mayor, met with Meri and his party and hosted a banquet in their honor at noon today. Meri said that Estonia hopes to strengthen its economic relations with Shanghai and cooperate with it in the fields of paper-making materials and harbors, among others.

Meri and his party visited a wrist-watch factory and the China Foreign Exchange Center in the municipality this morning.

#### **Hu Jintao Meets Uzbek Political Party Delegation**

OW1606102794 Beijing XINHUA in English 1018  
GMT 16 Jun 94

[Text] Beijing, June 16 (XINHUA)—A senior official of the Communist Party of China (CPC), Hu Jintao, said here today that China intends to increase and expand the friendly contacts between the CPC and the People's Democratic Party of Uzbekistan on the basis of four principles covering inter-party relations.

"China also wishes to enhance its long-term friendly ties and cooperation with Uzbekistan on the basis of the five principles of peaceful co-existence," said Hu, a Standing Committee member of the Political Bureau of the CPC Central Committee, at a meeting with a delegation from the People's Democratic Party of Uzbekistan.

The delegation, led by A.M. Jalolov (spelling of name as received), second secretary of Uzbekistan's party central committee, arrived here on June 15 as the CPC's guests.

Hu, also a member of the Secretariat of the CPC Central Committee, noted that traditional friendship between the two countries has grown since they established diplomatic ties.

He noted that Uzbekistan President Islam Azim Karimov's visit to China in 1992 and Chinese Premier Li Peng's visit to Uzbekistan in April this year gave a powerful impetus to the growth of bilateral relations in depth and opened a new chapter for such relations.



Jalolov said the bilateral relations between the two countries and the two parties are developing satisfactorily.

The Uzbekistan people and party are greatly interested in the tremendous achievements that China has made in reform and construction, he said.

Jalolov expressed the hope that his current visit will enable him to learn more about China's experience.

Besides Beijing, the delegation is expected to visit Shanghai and east China's Jiangsu Province.

### Northeast Asia

#### NPC Vice-Chairman Receives Japanese Visitors

OW1606095394 Beijing XINHUA in English 0937  
GMT 16 Jun 94

[Text] Beijing, June 16 (XINHUA)—Wang Guangying, vice-chairman of the National People's Congress (NPC) Standing Committee, met here today with a 36-member delegation from the Tokyo Junior Chamber of Trade from Japan.

The delegation is led by Ryuichi Hirokawa, executive president of the chamber, and Tadashi Okuyama, honorary chairman of the Japan-China Friendship Society.

As guests of the All-China Youth Federation, the Japanese visitors arrived here yesterday on a five-day visit to Beijing and north-east China's Dalian city.

#### 'Roundup' Notes Korean Nuclear Issue's Development

OW1506200594 Beijing XINHUA Domestic Service in Chinese 1523 GMT 15 Jun 94

["Roundup" by XINHUA reporters Wang Dajun (3769 1129 6511) and Jiang Zhi 3068 3112: "The Origin of the Korean Nuclear Issue"]

[Text] Beijing, 15 Jun (XINHUA)—Recently, disputes surrounding the Korean nuclear issue have again intensified.

On 10 June, the International Atomic Energy Agency (IAEA) decided to suspend its assistance to the DPRK (chao xian 2600 7639), and the United States and others advocated economic and military sanctions. The DPRK reacted strongly to this. On 13 June, it announced it would immediately withdraw from the IAEA.

The Korean nuclear issue is long-standing. After the Gulf war, the United States, using its satellite photos as proof, said that it suspected there were facilities in the DPRK's Yongbyon district, about 100 km north of Pyongyang, used for the development of nuclear weapons, claiming inspections of the DPRK's nuclear facilities must be carried out. The DPRK repeatedly declared that it had no intention to produce nuclear weapons nor did it have

the capability to do so. At the same time, it accused the United States of deploying nuclear weapons to the ROK [han guo 7281 0948] to threaten its security. The two sides have since become antagonistic toward each other. Only later, after the DPRK and the ROK signed the "Joint Declaration on Denuclearization on the Korean Peninsula" and the DPRK signed a nuclear safety agreement with the IAEA and agreed to accept inspections, did the tense atmosphere on the peninsula somewhat ease.

During the period between May 1992 and February last year, the DPRK received unscheduled nuclear inspections from the IAEA on six occasions. However, the two sides disagreed on the targets and inspection results. In February last year, the IAEA Board of Governors passed a resolution to carry out mandatory "special inspections" on the DPRK's nuclear facilities. At the same time, the United States and the ROK resumed their joint military exercise, "Team Spirit," which had been suspended in 1992. In light of this, the DPRK announced on 12 March 1993 its withdrawal from the "Nuclear Non-Proliferation Treaty [NPT]," which it had joined at the end of 1985. The situation on the peninsula thus became tense again.

Under these circumstances, the United States held two rounds of vice foreign ministerial talks with the DPRK and made promises on the question of assisting the DPRK in remodeling its nuclear facilities. The DPRK subsequently announced that it would not withdraw from the "NPT" for the time being. During their talks, both sides agreed to hold a third round of talks within two months to discuss settlement of the nuclear issue and improvement of bilateral relations. However, because of differences over a number of issues between the two sides, the third round of talks were not held. It was not until the last 10 days of February this year did the DPRK reach a compromise with the IAEA and the United States: The DPRK agrees to receive inspections of its seven nuclear facilities; the South and North resume contact on the exchange of special envoys; the United States and the ROK agree to stop this year's joint military exercise; and the United States agrees to hold the third high-level talks with the DPRK. At the same time, the United States also put forward two conditions, namely the IAEA's inspection of the DPRK's nuclear facilities be acceptable to all parties and the South and North realize the exchange of special envoys. After these two conditions were essentially met, the situation on the peninsula became further eased. As a result, there was another inspection of the DPRK's nuclear facilities by the IAEA in early March this year.

However, the IAEA was not satisfied with the inspection results, which led to the sharpening of differences among the concerned parties. During the last 10 days of April, the DPRK told the IAEA that it wanted to replace the fuel rods in its five megawatt nuclear reactor in Yongbyon and invited it to send personnel to the site to supervise the replacement. However, while expressing a cautious welcome, the IAEA again set preconditions,

asking the DPRK to accept its all-out inspection of its nuclear facilities and operation process. The DPRK did not accept this demand. In early May, after the IAEA indicated that it would not send personnel to the DPRK to supervise the replacement, the DPRK went ahead and replaced the nuclear fuel rods by itself. The IAEA held that the DPRK's action made it impossible to determine whether the plutonium produced by the nuclear reactor had been diverted for other uses. The DPRK, on the other hand, stressed that its replacement of the nuclear fuel rods was monitored by the IAEA's monitoring device installed at its nuclear reactor and waste facilities, and that its replacement method fully preserved the technical possibility for later measurements.

The serious difference over this issue between the IAEA and the DPRK has drastically chilled the eased atmosphere on the peninsula. In wake of the IAEA's recent announcement that it would suspend its assistance, a DPRK Foreign Ministry spokesman issued a statement saying the DPRK deems all IAEA resolutions null and void; that it will not accept continuous nuclear safety inspection, which it accepted when it was placed under special status; and that it again declared that it regards UN sanctions as a declaration of war against the DPRK.

The origin and development of the Korean nuclear issue shows that the issue can only be resolved through sincere dialogue by all parties concerned; sanctions and confrontation can only aggravate the tense situation on the Korean peninsula.

#### **Dialogue, Negotiations in Solving Nuclear Issue Stressed**

*SK1606064494 Beijing China Radio International in Korean 1100 GMT 15 Jun 94*

[Commentary: "Dialogue is Better Than Confrontation"]

[Text] These days, the Korean nuclear issue has become the focus of much interest and conversation again among officials in the United Nations. This March, the Korean nuclear issue, which had been going in a positive direction, began to take a sudden change due to the differences in views between the International Atomic Energy Agency (IAEA) and the DPRK regarding the replacement of fuel rods.

On 10 June, the IAEA decided to suspend its plan for technological coordination with the DPRK on investigating plutonium and the peaceful use of nuclear energy. On the other hand, the DPRK side announced its decision to immediately withdraw from the IAEA.

Carrying out busy activities inside and outside the United Nations, the United States hopes that the UN Security Council will impose sanctions against the DPRK. People have not forgotten that the United States repeatedly [words indistinct] for this purpose. However, the U.S. assertion failed to win recognition from the

international community. Many in U.S. political and social circles disagree this view.

The Chinese delegation [to the United Nations] persistently opposed dealing with the Korean nuclear issue at the UN Security Council. It also opposed UN Security Council moves to adopt a resolution, including sanctions, regarding the issue.

The Chinese delegation repeatedly indicated that the United States, the IAEA, the DPRK, the ROK should remove differences in opinion and solve problems through dialogue and negotiations. The Chinese delegation also indicated that threat, blackmail, and pressure would not help solve problems, but would bring about destructive consequences because they may intensify conflict.

Based on such principles, when the chairman of the UN Security Council announced a statement regarding the Korean nuclear issue, the Chinese delegation, in view of the contemporary specific situation and proceeding from its constructive attitude, immediately clarified the Chinese Government's position toward the issue and expressed the hope that parties concerned should continue negotiations to seek reasonable ways for solving the issue.

Facts prove that (a series of negotiations) for solving the Korean nuclear issue, though faced with many difficulties, have eventually developed gradually into a positive direction.

When the United States and the DPRK made a principled agreement in June last year, the DPRK side announced its suspension of the unilateral decision to withdraw from the Nonproliferation Treaty, NPT. As the DPRK achieved new success in negotiations with the IAEA and the United States, on 15 and 25 June of this year, respectively, inspections of nuclear facilities in the DPRK were conducted, and, accordingly, all duties were completed.

Differences in views and difficulties have been created again now over the replacement of fuel rods. However, such differences in views and difficulties are only momentary. Therefore, a certain amount of room and some possibility remains for a solution of the issue.

In the Korean nuclear issue, China has persistently adhered to two basic goals, namely, the denuclearization of the Korean peninsula and the preservation of peace and stability on the Korean peninsula. This assertion has become the common recognition of the member states of the UN Security Council and won support from the international community.

If relevant parties sincerely make constant efforts to achieve these two goals, they can remove differences in their views gradually and achieve mutual understanding.

The most important thing at the present time is that relevant parties assume a prudent and patient attitude. There is a Chinese proverb which says "When one gets



angry one should seek reason and when one is in danger one should observe (?decorum)." If one clings to sanctions and pressure tenaciously and uses rash threat by force of arms simply because of momentary (?difficulties), the positive success achieved in the negotiations of the (?three parties) will end in failure and tension will be aggravated again.

The international community does not want to see the consequences that may result from closing the door of negotiations and will not accept them. The aggravation of the situation on the Korean peninsula will not only create a great shock in the Northeast Asian region, but also pose a threat to world peace and stability.

The problem is very grave. Therefore, the parties concerned should prudently ponder over it and [words indistinct].

Sanctions and threat are, in actuality, of no use, and sincere and patient negotiations are the most reasonable measure. Dialogue is better than confrontation.

#### **Liaoning Secretary Receives DPRK Local Delegation 4 Jun**

SK1606093294 Shenyang LIAONING RIBAO in Chinese 5 Jun 94 p 1

[Text] Gu Jinchí, secretary of the provincial party committee, received in the Youyi Guest House of Shenyang the friendship delegation of North Pyongan Province of DPRK, which is headed by Yom Chae-man, chairman of the North Pyongan Provincial Administrative and Economic Guidance Committee, on the afternoon of 4 June.

During the reception, Gu Jinchí first extended warm welcome on behalf of the Liaoning Provincial CPC Committee and all Communist party members and people throughout the province to the visit paid by the Korean delegation. He said: The Sino-Korea friendship cemented or fostered personally by the elderly proletarian revolutionaries has experienced historic trials. Over a long period of time, the peoples of the two provinces have made due contributions to the development of friendship between the two provinces through mutual assistance and support. Hereafter, we will still continue to make all-out efforts to enhance the traditional friendship and the friendly and cooperative relationship between the two sides.

In reviewing his visit paid to the DPRK not long ago, Gu Jinchí said: In April this year, the Liaoning provincial CPC delegation headed by him paid a visit to the close neighbor of DPRK. It was a great honor for the delegation to participate in the celebration of the 82d birthday of Chairman Kim Il-song. Leaving a deep impression on the delegation were the Korean people's high revolutionary enthusiasm and the revolutionary spirit of working hard to make progress, as well as the tremendous achievements scored by them in the undertakings of building socialism. He was convinced that under the wise leadership of Chairman Kim Il-song and the

Workers' Party of Korea, the diligent and brave Korean people will certainly be able to score a new and greater achievement in the future in the undertakings of socialist revolution and construction.

During the reception, Chairman Yom Chae-man also made a speech in which he extended thanks for the commendation. He said: As soon as it set foot in China, the delegation deeply felt the profound sentiment and friendship displayed by the Chinese people to the Korean people. Through the two-day visit, the delegation saw for itself the tremendous achievements scored by the Chinese people under the wise leadership of the CPC in the undertakings of building socialism with Chinese characteristics. This has fully shown that the line currently followed by China is in conformity with China's reality. He wholeheartedly wished the people of Liaoning Province to score still greater achievements in the undertakings of revolution and construction along with people throughout China.

After the reception, Gu Jinchí hosted a banquet in honor of the Korean delegation.

Attending the reception and banquet were Xu Wencai, member of the provincial party standing committee and secretary general of the provincial party committee; Sui Xudong, director of the provincial foreign affairs office; and other personnel concerned.

#### **Southeast Asia & Pacific**

##### **Cambodian Roundtable Talks Break Down**

OW1606094794 Beijing XINHUA in English 0933 GMT 16 Jun 94

[Text] Phnom penh, June 16 (XINHUA)—The two-day round table talks of the working group on peace and national reconciliation in Cambodia broke down here today without reaching any agreement.

After today's closed-door meeting, a spokesman of the Cambodian Royal Government and the National Assembly told reporters that the meeting is over without any result. However, he did not want to say "the meeting has failed."

The spokesman said today's meeting discussed the cease-fire issue only and did not deal with the minimum political platform proposed by the Democratic Kampuchea Party (DKP).

The government side insisted on reaching an agreement on the timetable of the cease-fire first, but the DKP wanted to discuss details of setting up a cease-fire committee.

The government side noted that there is no need to meet again as the two round-table talks ended fruitlessly while the DKP suggested continuation of the talks.

Nhiek Tiouloung, representative of King Norodom Sihanouk, said he will report to the king about the talks and Sihanouk would decide whether or not to continue the talks.

**Khmer Rouge Agrees To Fully Support Cease-Fire**  
*OW1506133394 Beijing XINHUA in English 1242*  
*GMT 15 Jun 94*

[Text] Phnom Penh, June 15 (XINHUA)—The Democratic Kampuchea Party (DKP), or Khmer Rouge, has agreed to fully support a cease fire proposed by Cambodia's King Norodom Sihanouk.

The declaration was made by Chan Youran, the head of a DKP delegation to a round table meeting of a peace working committee which opened at the royal palace Phnom Penh this morning under the chairmanship of Nhiek Tiouloung, the representative of the king.

Chan Youran said: "Our nation and people are definitely tired of war. Continuing it would only make the situation in Cambodia worse."

However, the DKP delegation did not agree the deadline of June 30 for the cease fire which was proposed by the government and national assembly at today's meeting.

Chan said mutual concessions and compromises should be made through discussions as suggested by the king. "On that common basis, we will discuss what the DKP should hand over to the royal government and what the government should in turn give to the DKP," he said.

**Guangxi To Host First National Border Trade Fair**

*HK1206053094 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 12-18 Jun 94 p 3*

[By Zhang Yu'an: "First National Border Trade Fair Will Open in Pingxiang in July"]

[Text] The country's first national border trade fair will be held from July 26 to August 2 in Pingxiang in Guangxi Zhuang Autonomous Region.

The organizers of the fair hope to further promote border trade and economic co-operation between China and Vietnam as well as other Southeast Asian countries, Liang Yuxiang, a senior official of Pingxiang, said last week. Liang is also executive director of the fair's organizing committee.

Liang noted that Pingxiang shares a 97-kilometre-long border with Vietnam, has direct rail and highway links with Vietnam through the Friendship Pass, and is only 187 kilometres from Hanoi.

This places Pingxiang in a favourable position for developing border trade and economic co-operation with Vietnam, Liang said.

To make full use of the opportunity, more than 1,000 Chinese firms will offer overseas participants in the fair about 300 co-operation projects, in addition to displaying various commodities and technologies.

The organizers are also considering organizing delegations of Chinese business managers to visit Vietnam after the fair.

Vietnam will send a 150-person delegation, representing more than 40 enterprises, to the fair. Liang expects that individual Vietnamese visitors will far outnumber the official delegation.

At the fair, the Vietnamese will exhibit sedan cars, motorbikes and air-conditioners that are assembled or manufactured in Vietnam by foreign companies. The Vietnamese will also display their own mineral, rubber and aquatic products.

Entrepreneurs from Thailand, Singapore, Malaysia, Hong Kong, Macao and Taiwan will also participate in the fair in order to tap new business opportunities, Liang said.

Since the United States has lifted its trade embargo on Vietnam, this Southeast Asian country is attracting more foreign investment and creating more business opportunities.

Thus, Liang noted, Chinese enterprises will be able to find co-operation and investment opportunities in Vietnam in addition to border trade.

## Near East & South Asia

**Bangladesh Official Comments on Relations With PRC**

*OW1506141094 Beijing XINHUA in English 1230*  
*GMT 15 Jun 94*

[Text] Dhaka, June 15 (XINHUA)—"Bangladesh has never seen China as a military power or felt threat from it," said Mr. M. Morshed Khan, special envoy of Bangladesh Prime Minister Khaleda Zia.

He made the remarks here on Tuesday at a news briefing held for the Japanese investment study delegation that left for Myanmar the same day.

The official said that Bangladesh and China have historic ties based on culture as well as trade. China has been helping Bangladesh in its agricultural development, small engineering, garments as well as textile and other sectors, he added.

"We are impressed by China's phenomenal economic successes and we are acquainted with its economic advancement," the special envoy said.

He stressed that the word "confrontation" should be wiped off the Asian dictionary and economic cooperation ought to be the word for Asia.



Bangladesh stresses on harmonious development of investment and trade relations in its immediate neighborhood, in Asia and beyond, he said.

**Trade Delegation To Begin India Visit 14 Jun**  
*OW1206155794 Beijing XINHUA in English 1503 GMT 12 Jun 94*

[Text] New Delhi, June 12 (XINHUA)—China and India will discuss the ways and means for expanding bilateral trade when the fifth meeting of the Sino-Indian Joint Team for Economic and Trade Affairs takes place here this week.

A 12-member Chinese delegation led by Minister of Foreign Trade and Economic Cooperation Wu Yi will arrive here on Tuesday [14 June] for the meeting.

Apart from the official delegation, the Chinese minister will bring with her a Chinese businessmen team consisting of chairmen of major Chinese trading corporations.

The Chinese businessmen will interact with their Indian counterparts to tap the great potential of bilateral trade between the two countries.

During her three-day stay here, Wu Yi is scheduled to meet Indian Commerce Minister Pranab Mukherjee, Finance Minister Manmohan Singh, Minister of State for Steel S.M. Dev and Minister of State for Coal A.K. Panja.

She is also likely to meet Indian Prime Minister Narasimha Rao, according to informed sources here.

Hu Guocai, head of the Chinese advance team which arrived here on Saturday for the preparation of the forthcoming meeting, said today that there is great scope for expanding bilateral trade between the two most populous nations in the world.

Two-way trade between India and China, which has been developing fast over recent years, totalled 670 million U.S. dollars last year, nearly doubling that of the previous year, Hu said.

"At the meeting, we will focus on further development of bilateral trade through setting up more joint ventures and transferring technologies," he said.

**Wu Yi-Led Trade Delegation Arrives**

*OW1506020394 Beijing XINHUA in English 0112 GMT 15 Jun 94*

[Text] New Delhi, June 15 (XINHUA)—A trade delegation led by Chinese Minister of Foreign Trade and Economic Cooperation Wu Yi arrived here early this morning to explore the ways and means of expanding Sino-Indian bilateral trade.

Wu Yi, who is on a three-day visit to India at the invitation of the Indian Commerce Ministry, will attend

the fifth meeting of the Sino-Indian Joint Team for Economic and Trade Affairs which is taking place in a few hours.

The two sides "will discuss matters of common interest relating to economic, trade and technological cooperation between the two countries," she said at the airport.

The joint team was set up after late Indian Prime Minister Rajiv Gandhi visited China in 1985 to promote bilateral trade between the two countries.

The two countries will sign the minutes of talks and the protocol on trade for 1994-95 at the conclusion of the one-day meeting of the joint team.

During her stay here, she will meet Indian Prime Minister Narasimha Rao, Commerce Minister Pranab Mukherjee, Finance Minister Manmohan Singh, Minister of State for Steel S.M. Dev, Minister of State for Coal A. Panja as well as Minister of State for Petroleum Captain S. Sharma.

Traveling with her is a 11-member team of businessmen from Chinese trading corporations dealing with silk, livestock, mineral products and metallurgy.

The Chinese chief executives will interact directly with their Indian counterparts to look for more opportunities of business and cooperation.

Bilateral trade between India and China totalled 670 million U.S. dollars last year with a surplus of 157 million dollars in favor of India. China imports large quantities of iron ore, steel, hides and skins from India and exports silk to it annually.

**Wu Yi, India Commerce Minister Sign Documents**

*OW1506165894 Beijing XINHUA in English 1620 GMT 15 Jun 94*

[Text] New Delhi, June 15 (XINHUA)—China and India signed today the Trade Protocol for 1994-95 and Agreed Minutes of the Fifth Session of China-India Joint Group on Economic Relations and Trade, Science and Technology.

Chinese Minister of Foreign Trade and Economic Cooperation Wu Yi and Indian Commerce Minister Pranab Mukherjee put their signatures on the two documents on behalf of their respective governments.

Both sides agreed to further develop and diversify bilateral trade between China and India on the basis of equality and mutual benefit, according to the protocol which is valid for one year from today.

The two countries also agreed that they will encourage direct trade and promote the exchange of delegations in specific areas and encourage their respective trade organizations and traders to explore the possibilities of promoting bilateral trade through various forms of trade and cooperation.

According to the protocol, China expects to import India's mineral ores, iron and steel, agricultural products, chemicals, engineering products and jewels and processed diamonds while India would import from China silk yarn, agricultural and native products, light industrial products, metals and minerals, chemicals and petroleum products, pearls, engineering products, pharmaceuticals and newsprint.

At the meeting, both sides reviewed the developments in the fields of economic relations and trade, scientific and technological cooperation in 1993 and noted that there existed great potential for mutual cooperation in these fields.

India and China agreed to provide necessary facilities including expeditious grant of entry visa to businessmen of the two countries.

It was also agreed that problems arising from bilateral trade and economic cooperation should be settled through friendly consultation.

The two countries agreed in principle to the extension of the trade to the other points on the China-India border apart from Lipulekh and Shipki.

The minutes said that both sides agreed to explore the possibilities of expanding technology transfer, setting up joint ventures in various areas and trading in complete plant and production lines.

The next session of the joint group will be held in Beijing.

#### **Israel's Bar'am Holds Talks With Senior Officials**

*TA1106162594 Jerusalem Qol Yisra'el in Hebrew 1600 GMT 11 Jun 94*

[Text] Tourism Minister 'Uzi Bar'am, currently on a tour of the PRC, met with the Chinese deputy prime minister and the foreign minister yesterday. Our correspondent 'Ofra Nehmad reports that the deputy prime minister, who is also in charge of tourism in China, said that he will work to expand tourism from China to Israel and will examine ways to facilitate the departure of PRC citizens. The PRC minister notified Minister Bar'am that a senior PRC leader will visit Israel soon to strengthen the ties between the two countries.

#### **State Councillor Departs on Visit to Tunisia, Libya**

*OW1406055194 Beijing XINHUA in English 0401 GMT 14 Jun 94*

[Text] Beijing, June 14 (XINHUA)—Luo Gan, state councillor and secretary general of the State Council, left here today on a visit to Cyprus, Tunisia and Libya at the invitation of the governments of the three countries.

During his visit, Luo will discuss with leaders of the three countries on issues of bilateral relations as well as regional and international affairs of common concern, so

as to further promote the friendly cooperative relations between China and the three countries.

#### **Yemen's 'Abd-al-Ghani Arrives With Message 15 Jun**

*JN1506182294 Sanaa Yemeni Republic Radio Network in Arabic 1700 GMT 15 Jun 94*

[Text] Brother 'Abd-al-'Aziz 'Abd-al-Ghani, member of the Presidential Council, arrived in Beijing today on a working visit to the PRC. During the visit he will convey a message to PRC leaders from brother Lieutenant General 'Ali 'Abdallah Salih, chairman of the Presidential Council, dealing with developments in our country, as well as relations between the two friendly countries. He was received at Beijing Airport by the PRC foreign minister and Arab ambassadors in Beijing.

#### **Leaders Receive Yemeni Envoy**

*OW1606084794 Beijing XINHUA in English 0801 GMT 16 Jun 94*

[Text] Beijing, June 16 (XINHUA)—Chinese Vice-President Rong Yiren and Vice-Premier Qian Qichen both met separately here today with 'Abd-al-'Aziz 'Abd-al-Ghani, special envoy of Yemeni president 'Ali 'Abdallah Salih.

A Chinese Foreign Ministry official said that Rong and Qian, who is also foreign minister, exchanged views with ghani on the current situation in Yemen.

Rong said China pays much attention to the development of the situation there and is deeply concerned about the large casualties and damage to life and production facilities caused by the massive military conflicts there.

He said China hopes that the parties concerned, putting the people's interests first, will cease firing as soon as possible and seek settlement of the problem through peaceful negotiations.

Vice-Premier and Foreign Minister Qian Told 'Abd-al-Ghani that China, having good relations with Yemen, hopes to see unity, stability, prosperity and development in Yemen.

He said China never interferes in other countries' internal affairs and respects the choice of their people.

Qian noted that the continuation of fighting is not helpful to the settlement of the problem at all and, on the contrary, will complicate the situation.

He believed that the Yemeni people will be able to solve their problem peacefully through negotiations, and restore peace and stability at an early date.

'Abd-al-Ghani, a member of the Yemeni Presidential Council, arrived in Beijing yesterday.



In the meetings today, he briefed the Chinese leaders on the latest developments in his country.

He was quoted by the Chinese Foreign Minister's official as saying that Yemen hopes to solve its own problem by itself and in a peaceful way so as to maintain Yemen's unification.

### Sub-Saharan Africa

#### Text of Li Peng's Greeting Message to OAU

OW1406130694 Beijing XINHUA Domestic Service in Chinese 1256 GMT 13 Jun 94

[Text] Beijing, June 13 (XINHUA)—PRC Premier Li Peng on 11 June sent to the 30th summit of the Organization of African Unity [OAU] a message warmly congratulating the OAU on its 30th summit. The full text of the message follows:

To the OAU summit:

On the occasion of triumphant convocation of the 30th OAU summit, I hereby extend to it my warm congratulations on behalf of the Chinese Government and people.

The birth of new South Africa with Nelson Mandela as its president, and its attendance at the current summit as the 53d OAU member signify the inspiring great victory accomplished by the OAU and all African people in the political field, showing the further strengthening of unity and solidarity on the African continent. The admission of new South Africa to the OAU has added a new vitality to the African people in their efforts to seek a better future under the banner of the OAU, and has also ushered in a new epoch in the history of the OAU. We wholeheartedly wish the African people constant, new successes in their struggle to defend national independence and sovereignty, safeguard Africa's solidarity and unity, and improve living conditions.

We are glad to learn that the African Economic Community Treaty has officially become effective. The acceleration of Africa's economic integration is of great significance to African people's revitalization of the African economy through a collective self-reliance. It shows the firm will and determination of African countries and people to become united and make themselves stronger in an unfavorable international environment. The Chinese Government and people greatly admire their will and determination and wholeheartedly hope that the African people's collective efforts in the economic field will succeed.

With the changing international situation, it has become more and more important to maintain political stability in African countries so as to facilitate their economic development. Continued turbulence in some regions, and fighting in Rwanda in particular, has already taken a heavy toll and wrecked the economy, which has aroused widespread concern in the international community. We firmly support the OAU in its efforts to mediate in

regional conflicts in Africa and maintain political and social stability in African countries.

A profound friendship has been forged between China and African nations during long, common struggles. Under the present complex international situation, we should even more sympathize with and support each other, and make joint efforts to strengthen Sino-African solidarity and cooperation. The Chinese Government and people treasure very much the Sino-African friendship. To strengthen friendship and cooperation with Africa has always been an important part of the foreign policy of the Chinese Government no matter how international situation changes.

I am convinced that the current summit will certainly achieve its desired results and triumphantly accomplish the lofty missions assigned by African nations and people.

I wish the summit a complete success!

[Signed] Li Peng, premier of the State Council of the People's Republic of China

[Dated] 11 June 1994, Beijing.

#### 'News Analysis' Views Challenges Facing Africa

OW1206162494 Beijing XINHUA in English 1514 GMT 12 Jun 94

["News Analysis": by Zhou Zexin and Huang Pengnian: "Africa Facing New Challenges"]

[Text] Tunis, June 12 (XINHUA)—The forthcoming summit of the Organization of African Unity opens Monday [13 June] against the background of some far-reaching development in Africa. While the African continent traversed some of the most difficult times in the last year, it also witnessed moments of triumph and hope.

The Cairo Declaration adopted by the OAU in June last year on the establishment of the mechanism to resolve African disputes peacefully represented a landmark achievement of the organization in the political sphere.

The treaty establishing the African Economic Community, that came into effect last month, was the first step Africa has taken toward economic integration and it is expected to have a significant impact on the revitalization of the African economy.

The summit also acquires its special significance as it comes in the wake of the first all-race elections in South Africa, and the inauguration of Nelson Mandela as its president.

Reforms to end apartheid in Pretoria have brought about world acceptance and South Africa was formally welcomed as the newest member of the OAU on May 25.

But there are new challenges that the African continent is still facing.



Despite the political and economic progress in the past year, some African countries are still suffering from war and domestic disputes.

The conflict in Rwanda has shocked the world by its scale, brutality and savagery, which is expected to call urgent attention of the African leaders.

Besides, the accumulated crucial economic and social problems are hindering development of the African countries.

Over the recent years, African countries suffered greatly from the low prices of primary commodities in the international markets. The 53 OAU member states are struggling with growing foreign debts, which in 1993 amounted to 302 billion U.S. dollars, or three times the figure in 1980.

The unfavorable trade balance in 1993 reached as high as 1.6 billion U.S. dollars. In Africa alone, 33 belong to the 47 least developed countries in the world.

Perhaps more devastating are Africa's exploding population, which now totals nearly 700 million. According to OAU estimates, at the region's current average annual growth rate of 3.1 percent, Africa's population will reach approximately 1 billion by the year 2005.

In the early years of the decade of the 1990s, the annual average growth rate of the GDP (gross domestic product) has been a mere 1.5 percent. This is barely half of the African population growing the trend of continuing decline in per capita income and a further slide into poverty in Africa.

It is evident that the most pressing issue is the resolution of ethnic tension and conflict throughout the African continent. And the second most important problem is finding ways and means of combating the rising tide of economic problems.

African conflicts and economic development will top the list of concern on the agenda of the OAU summit from June 13 to 15.

Given the changing international situation, it has become increasingly important for African countries to maintain political stability for the benefit of economic development.

In that light, the issue of assuring security for economic development will appear to be the main theme of the African summit.

#### 'News Analysis' on Nigeria's Political Situation

OW1106211594 Beijing XINHUA in English 1837 GMT 11 Jun 94

["News Analysis" by Gu Zhenqiu: "Can Abiola Succeed in Forming Another Government?"]

[Text] Lagos, June 11 (XINHUA)—Tension is enveloping Nigeria as Moshood Abiola, widely believed to

have won the annulled presidential polls on June 12 last year, repeatedly threatened to form a rival government with himself as "president of Nigeria."

The threat came as the Nigerian Military Government, headed by General Sani Abacha, is making painstaking efforts to explain its position that the route of the national constitutional conference is the best option for resolving the nation's current crisis.

The constitutional conference is the conception hammered out by the Abacha administration shortly after it took power in mid-November last year.

In an obvious change in his declared hardline position, Abiola announced Friday [10 June] night the postponement of his swear-in ceremony scheduled for Sunday.

In his letter to the National Democratic Coalition (Nadeco), a new opposition group in Nigeria, Abiola said, "As a man who respects the religious beliefs of our people and based on the unanimous advice of our leaders of Nadeco, I confirm to you the postponement of the swearing-in ceremony."

However, Abiola's shift does not necessarily mean the disappearance of his former threats. Local press reports said today that the swearing-in ceremony may come up at 2:00 P.M. (local time) on June 13.

But the question is, "Can Abiola unilaterally proclaim himself president when there is the military government in power? Or put it simply, can Abiola become a rebel by taking up arms to defend his mandate?"

His action will result in a confrontation as the Nigerian military is under the control of the Abacha administration.

Asked how he would be sworn-in when Abacha is in control of the military, Abiola told the press that the Nigerians will know later whether the military is backing Abacha.

However, such braggings of Abiola are not powerful enough to convince his supporters that he is ready to take any risk to uphold what they called the mandate.

Skepticism about Abiola's plans is widespread in the West African country.

Unwilling to see their motherland plagued by a series of political crisis, more and more Nigerians prefer that the current crisis in the nation be settled in a peaceful way.

The former Nigerian military regime, headed by General Ibrahim Babangida, annulled the June 12 presidential poll last year and plunged the nation into a political crisis.

After the annulment, Abiola launched an unsuccessful campaign, which took him to the United States and some European countries, trying to have the military decision reversed.

Last July, thousands of Nigerians took to the streets of Lagos to protest the Babangida administration's decision to annul the first presidential poll in a decade in Nigeria.

But now, the Nigerians largely adopted a lukewarm attitude towards the anti-government calls from the opposition groups.

Moreover, there is no indication that those organizations, which supported Abiola last year, are prepared to back him at present.

On the eve of the first anniversary of the annulled presidential polls, the Nigerian military and police forces moved to beef up security in Lagos.

Which way will Abiola take? Will he be faithful to his pledge to form a government?

The Nigerian police is waiting to see what Abiola will do in the next few days.

**'Feature' Notes Lagos Atmosphere, Cites XINHUA Interviews**

OW1206212794 Beijing XINHUA in English 1731  
GMT 12 Jun 94

["Feature" by Gu Zhenqiu and Xiong Mingshan: "Calm Atmosphere Prevails in Lagos"]

[Text] Lagos, June 12 (XINHUA)—Calmness and tranquillity today greet the first anniversary of the annulled presidential election in the Nigerian commercial and financial capital of Lagos.

The traffic is light as the residents are enjoying their weekend in the city, which is well known for its bustle and hustle traffic movement during the weekdays.

Armed police are seen manning strategic points in the metropolis.

On the lawn patches near the national theater, Nigerian kids and youngsters are playing football, one of the most popular sports game in the West African nation.

Nigerian head of State General Sani Abacha said in his broadcast to the whole nation this morning that his government is determined to seek the successful implementation of the agenda of the proposed national constitutional conference, slated for June 27.

Meanwhile, he also warned against any act to endanger the peace and security in the nation, saying that saboteurs would be sternly punished.

A young Nigerian woman, who identified herself as a high school student, said Abacha's broadcast "is not specific."

"If only he (Abacha) can identify those bad elements in our society," she said.

On Awolowo Road, a petit peddler told XINHUA, "I know nothing about Abacha's speech and I do not know

(anything) about (the fact that Moshood) Abiola was wanted" by the Nigerian Police.

"I don't care about politics, but I do care about my business because my family lives on" the petit business, he said.

At a shopping center near the American Embassy in Nigeria, a Nigerian Army soldier named Alassan said Abiola "is doing something at a wrong time."

"You see, the election was annulled a year ago by the (General Ibrahim) Babangida administration, but one year later Abiola still insists (on) the restoration of the election," he said, adding that "I think he's joking."

Asked about what he will do if Abiola is standing before him, he said calmly, "The fact is that Abiola is missing now. But if he is standing before me, I'll arrest him and I think he'll be tried."

"You can't establish a government within the government headed by General Abacha," he said, "That's why Abiola's action is viewed as treason."

Meanwhile, Alassan said if he arrested Abiola or had the information which leads to his arrest, "I will be 50,000 (naira) richer."

However, no information so far is available to confirm whether the Nigerian police have promised to offer a reward of 50,000 naira (about 2,270 U.S. dollars at the official exchange rate).

Abiola, widely believed to have won the annulled presidential election last year, repeatedly threatened to form a rival government with him as "the president of Nigeria."

While declaring Abiola wanted, the Nigerian Police on Saturday [11 June] asked the general public with information of his whereabouts to come forward with such information.

**Joint Cement Plant Accord Signed With Zimbabwe**

OW1406192694 Beijing XINHUA in English 1913  
GMT 14 Jun 94

[Text] Harare, June 14 (XINHUA)—China and Zimbabwe today signed an agreement to set up a joint cement plant in the Zimbabwean midlands.

The agreement was signed here by the president of China Building Material Industrial Corporation for Foreign Econo-Technical Cooperation, Sun Yuhai, and the general manager of Zimbabwean Industrial Development Corporation, Mike Ndudzo.

The joint venture, named as 'Sino-Zimbabwe Cement Company Limited', is projected with a production capacity of 600 tons per day.

The plant, worth 41 million U.S. dollars, will be built up in the following two years.



Under the agreement, the Chinese corporation will contribute 65 percent of the total investment.

And the Zimbabwean company will provide land and quarry required, working capital and undertake civil works through its 35 percent share-holding.

### West Europe

#### XINHUA Kills Item on Song Jian Meeting French Delegation

##### Original Version

OW1606012594 Beijing XINHUA Domestic Service in Chinese 0845 GMT 15 Jun 94

[By RENMIN RIBAO reporter Jia Xiping (6328 6007 1627) and XINHUA reporter Han Zhenjun (7281 2182 6511); Beijing XINHUA Domestic Service in Chinese at 1504 GMT on 15 June transmits a service message replacing the following item]

[Text] Beijing, 16 Jun (XINHUA)—State Councillor Song Jian met a visiting French space aviation delegation in Beijing today. During the meeting, Song Jian said: China and France have a long history of cooperation in science and technology. The French space aviation delegation's visit is of great significance to promoting exchanges and cooperation in space technology between the two countries.

Song Jian said: In the past, China and France cooperated successfully in the basic sciences and high technology. For instance, the Daya Bay Nuclear Power Station is a crystallization of cooperation between scientific and technological personnel in the two countries. The joint survey of the Himalayas by geological prospectors from the two countries has basically determined the cause of the Himalayas' protrusion, winning acclaim from the international geological scientific circles. France's achievements in space aviation, atomic energy, and modern communications technology have riveted the world's attention. China is willing to conduct friendly cooperation with France in these areas.

The French space aviation delegation is led by Louis [name as received], director of the French Aerospatiale.

It includes officials from the major French space companies. The delegation will participate in activities pegged to "Sino-French Space Industry Week" in Beijing and Shanghai.

##### Replacement Version

OW1606012694 Beijing XINHUA Domestic Service in Chinese 1504 GMT 15 Jun 94

[B. RENMIN RIBAO reporter Jia Xiping (6328 6007 1627) and XINHUA reporter Han Zhenjun (7281 2182 6511)]

[Text] Beijing, 16 Jun (XINHUA)—State Councillor Song Jian met a visiting French space aviation delegation in Beijing today. During the meeting, Song Jian said: China and France have a long history of cooperation in science and technology. The French space aviation delegation's visit is of great significance to promoting exchanges and cooperation in space technology between the two countries.

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During the meeting, Song Jian also briefed the delegation on the State Aerospace Bureau's [organization name as received; current name China Aerospace Industry Corporation] functions. He said: China's commercial space aviation is under the State Aerospace Bureau's management. On behalf of the Chinese Government, the bureau signs intergovernmental aerospace agreements and makes arrangements for participation in international organizations, international conferences, and government-to-government scientific and technological exchanges and cooperation.

The French space aviation delegation is led by Louis [name as received], director of the French Aerospatiale. It includes officials from the major French space companies. The delegation will participate in activities pegged to "Sino-French Space Industry Week" in Beijing and Shanghai.



### Political & Social

#### Jiang Zemin, Li Peng Speak on Education

OW1506131094 Beijing XINHUA Domestic Service in Chinese 1156 GMT 14 Jun 94

[By RENMIN RIBAO reporter Chen Weiwei (7115 4850 0251) and XINHUA reporters Zhu Youdi (2612 1635 2769) and Yin Hongzhu (1438 7703 4376)]

[Text] Beijing, 14 Jun (XINHUA)—A national education conference convened by the CPC Central Committee and State Council opened today. Party and state leaders including Jiang Zemin, Li Peng, Li Ruihuan, Zhu Rongji, and Hu Jintao attended today's meeting. Jiang Zemin, general secretary of the CPC Central Committee and state president delivered an important speech. On behalf of the CPC Central Committee and State Council, Premier Li Peng made a report on the situation in education.

The current national conference is an important meeting being held by the CPC Central Committee and State Council under the new situation in which China is accelerating the establishment of a socialist market economic structure and the modernization drive. Under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line, the main tasks of the conference are to implement the guidelines of the Third Plenary Session of the 14th CPC Central Committee; further carry out the strategy of giving priority to the development of education; mobilize the whole party and entire society to seriously implement the "Outline of the Reform and Development of China's Education"; and struggle for realization of the goals of China's reform and the development of education in the 1990's.

In his speech, Jiang Zemin pointed out: Since the Third Plenary Session of the 11th CPC Central Committee, under the leadership of party committees and governments at various levels and with the hard work of the broad masses of educational workers, China's education work has developed rapidly; educational reform has expanded gradually; and great achievements have been made in education. This has raised quality, cultivated a vast number of capable people, and made important contributions to national economic construction, scientific and technological progress, and social development. On behalf of the CPC Central Committee and State Council, Jiang expressed high respect for the broad masses of teachers and educational workers who have been working hard on the educational front, and to people of various circles in society who have shown concern for and supported education.

Jiang Zemin said: The CPC Central Committee and Comrade Deng Xiaoping have always attached importance to education, and have considered it a fundamental issue linked with the socialist modernization drive and the history and fate of socialism, when formulating an overall strategy for the building of socialism

with Chinese characteristics. Comrade Deng Xiaoping's expositions on education are the theoretical basis for our party in formulating principles and policies for education in the new period; and have provided us with a powerful ideological weapon and orientation for the reform and development of education. Comrades of the whole party, especially leading cadres at various levels, must conscientiously understand Comrade Deng Xiaoping's thinking on education when they study his theory on building socialism with Chinese characteristics. Like Comrade Deng Xiaoping, they should attach importance to education from the high plane of strategy and promote the reform and development of education.

Jiang Zemin emphatically pointed out: In our country with a population of nearly 1.2 billion, and relatively inadequate resources and comparatively backward economic and cultural [wen hua 2429 0553] conditions, what must we rely on in realizing the grand goal of the socialist modernization drive? A decisive thing is to shift the focus of economic construction to the track of relying on scientific and technological progress, and of raising the quality of our laboring people. We must truly give priority to the development of education and place it in a strategic position; and strive to raise the level of ideology, ethics, science, and culture of the whole nation. This plan is of fundamental importance in achieving our country's modernization.

Jiang Zemin asked leading cadres at various levels to fully understand the need to vigorously develop education, speed up the training of people for the socialist modernization drive, and raise the quality of ideology, ethics, science, and education. He said: This is a necessary requirement in implementing the party's basic line, and is also a necessary requirement for unwaveringly adhering to the party's basic line for 100 years. Only when we promote education can we fundamentally strengthen our country's comprehensive strength, and win strategic initiative in the fierce world competition. Only when we raise one generation of successors after another with high ideals, moral integrity, a good general education, and a sense of discipline, who will dedicate themselves to the cause of building socialism with Chinese characteristics, can we guarantee a long period of stability. In the entire course of building socialist modernization, we must unwaveringly and always adhere to the strategic policy of giving priority to the development of education.

Jiang Zemin pointed out: In order to accelerate the reform and development of education, we must fully implement the "Outline of the Reform and Development of Education" formulated by the CPC Central Committee and State Council. This is not just important for various education departments but is also important for the whole party and entire society. Party committees and governments at various levels must effectively strengthen their leadership over education work, formulate specific measures for developing education in light

of actual local conditions, be meticulous in making plans, and implement the measures and plans with unified arrangements.

Touching on the issue of respecting teachers and attaching importance to education, Jiang Zemin said: The hope of revitalizing the nation lies in education and the hope of revitalizing education depends on teachers. Teachers are the engineers of the people's soul. A teachers' job is noble and hard, and they should be respected by the whole party and entire society. In showing respect for teachers and attaching importance to education, leading cadres at various levels must take the lead, especially senior leading cadres. We must seriously implement the "Teachers' Law," safeguard teachers' lawful rights and interests, raise their remuneration according to relations, and create necessary conditions for their working, studying, and living conditions.

Jiang Zemin also pointed out that schools of different kinds at various levels should fully implement the party's policy on education, adhere to the socialist orientation in running schools, and strive to cultivate new people with "high ideas, moral integrity, a good general education and sense of discipline"; and enable them to develop morally, intellectually, and physically. In light of the new situation and problems emerging in the course of reform and construction, we should constantly strengthen and improve ideological and political work and ethical education in schools. Jiang said the whole society should show concern for and protect the healthy growth of students and join efforts to create a favorable environment for cultivating new people.

Jiang Zemin especially mentioned the issue of integrating education with production and labor. He said: This issue has been clearly defined in the "Outline of Reform and Development of Education." It is an important component part of our education policy because the integration of education with production and labor is a basic measure in adhering to a socialist orientation in education.

Jiang Zemin stressed: One of our basic national conditions is that we are developing education on a large scale under a situation in which the country is rather backward economically. Basing ourselves on this reality, we must deepen educational reform in order to make our educational structure and system conform to the needs of the development of a socialist market economy and all-around social progress. No matter what financial difficulties we face, we must be willing to invest in education in order to ensure success in the system of nine-year compulsory education, because this project will lay the foundation for raising the quality of the whole nation. The masses of educators in educational departments and schools should further emancipate their minds, seek truth from facts, vigorously explore new ways to develop education and establish a new educational structure under socialist market economic conditions, and strive to build a socialist educational system with Chinese characteristics.

In conclusion, Jiang Zemin stressed: It is a very glorious and arduous task to fulfill the grand objective of China's educational reform and development in the 1990's. Through our efforts over the past four decades, our educational undertaking has developed considerably, particularly in the past 15 years since the introduction of reform and opening up to the outside world. We have accumulated valuable experiences in educational reform, and a contingent of tens of millions of teachers has taken shape. All this has laid a sound foundation for educational reform and future development. The Central Committee believes that under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line, the Chinese nation's educational undertaking will surely continue to develop and prosper so long as we give strategic priority to developing education, seize opportunities, and thoroughly implement the "Outline of the Reform and Development of Education."

In his report entitled: "Let Us Mobilize and Vigorously Implement the 'Outline of the Reform and Development of Education,'" Li Peng affirmed China's educational achievements scored since the introduction of reform and opening up to the outside world. He said: At present, China's reform and opening up to the outside world and its socialist modernization drive have entered a new period of development. Fundamentally speaking, economic construction and social progress must rely on science, technology, and education. To meet the needs of establishing a socialist market economic structure and to take on the development opportunities and challenges in the 21st century, we must further deepen educational reform, accelerate educational development, raise the quality of the whole nation, and train cross-century personnel for realizing our strategic objective of economic and social development. This is an urgent task confronting us.

Li Peng said: The "Outline of the Reform and Development of Education," promulgated by the CPC Central Committee and State Council, is a programmatic document for the development of education in China. To realize the development objectives set in the "Outline," we must concentrate on fulfilling the following tasks: First, efforts should be made to popularize nine-year compulsory education and to basically eliminate illiteracy among young and middle-aged people. This forms the basic requirement for raising the quality of the whole nation and is also the most important measure for developing education in China in the days to come. This task is difficult to realize in the countryside, particularly in frontier areas, remote areas, and poor areas. Governments at all levels should help these areas enforce compulsory education. In the course of doing so, they should integrate agricultural science with education in light of local conditions and make this a fundamental measure for helping poor areas free themselves from poverty and become well-off. Second, vigorous efforts should be made to develop vocational and adult education. In accordance with the need for primary and



intermediate specialized personnel and with the degree of popularization of basic education, efforts should be made to divert graduates of elementary and middle schools to vocational schools in a planned way. This is the sure way to accelerate the heightening of laborers' quality and to invigorate the economy. Third, efforts should be made to develop higher education by focusing on raising the quality of education and raising efficiency in running schools. Through reform, we should mainly rely on a new way of developing higher education to an appropriate scale with a reasonable structure and strive to achieve a marked improvement in quality and efficiency.

Li Peng said: We must deepen educational reform in an all-around way to promote the development of education. The establishment of the socialist market economic structure has created an opportunity and motive force for educational reform and development, but at the same time it also calls for accelerating the pace of educational reform and the integration of education with economic development in order to gradually build a socialist educational system with Chinese characteristics. We should readjust the education structure by giving priority to raising the quality of laborers and to vigorously developing vocational education. It must be clearly understood that for a long period of time, an important and urgent task of education in China is to vigorously develop vocational education on the basis of popularizing nine-year compulsory education. This is a fundamental method of training a large number of applied personnel, a method which conforms to the national conditions in China.

Li Peng said: It is necessary to reform the system of running schools by gradually establishing a system in which the government plays the central role in running them, and all walks of life pool their funds to expand education. Basic education, particularly compulsory education, should be run mainly by the government. At the same time, enterprises, institutions, and other social forces should be encouraged to run various types of schools. Vocational and adult education should be mainly undertaken by trades, enterprises, institutions, and social organizations under government management, or they may be undertaken jointly by social organizations and individual citizens with the government's support. In higher education, we will practice the system under which schools of higher learning will mainly be run by the government while all sectors of society will participate in joint efforts to expand such education. We should straighten out the relationship among the government, society, and schools in accordance with the characteristics of various levels and types of education, and establish a scientific management system. We should reform the enrollment system in schools of higher learning, senior secondary schools, secondary schools, as well as vocational schools above the secondary level; and also reform their tuition collection system and system of assigning jobs to graduates. We should carefully draw up a reform program,

strengthen propaganda and ideological work, and properly handle the relationship between reform and stability.

Li Peng pointed out: To develop education, we must expand the contingent of teachers, and increase teachers' pay and benefits. We should strive to run teachers' colleges well, encourage outstanding students to enroll in teachers' colleges, and also encourage graduates of such colleges to be happy in taking teaching as their profession. Efforts should be made to heighten teachers' ideological, professional, and teaching standards.

In his report, Li Peng stressed: It is necessary to strengthen and improve moral education in schools and heighten their teaching quality. Faced with the new situation and new requirements, we must effectively improve party leadership, strengthen and improve moral education in schools, and strive to explore new ideas for improving moral education under the new situation so that the traditional virtues and glorious traditions of the Chinese nation will be carried forward by the younger generation in conjunction with the spirit of the times.

Li Peng pointed out: Party committees and governments at all levels should strengthen their leadership over educational work and strive to do solid work to expand education. He proposed specific measures and requirements on increasing investment in education, improving the system of raising educational funds through various channels, upgrading teachers' social status and wages, putting an end to the practice of not paying teachers on time, and strengthening education-related legislation.

In conclusion, he called on party and government leaders at all levels to give strategic priority to developing education and to strive to fulfill the objectives and tasks set in the "Outline of the Reform and Development of Education."

Today's conference was presided over by Vice Premier Li Lanqing.

Also attending the conference were Li Tieying, Zou Jiahua, Chen Xitong, Qian Qichen, Fei Xiaotong, Sun Qimeng, Lei Jieqiong, Tomur Dawamat, Song Jian, Li Guixian, Ismail Amat, Hu Sheng, and Qian Zhengying; leading comrades of Central Committee and government departments, provinces, autonomous regions, municipalities, and cities with province-level economic decision-making authority; leading comrades of democratic parties; responsible comrades of the educational departments of provinces, autonomous regions, and municipalities; as well as the representatives of other relevant departments.



**Jiang, Li Peng Express Concern Over Flood***HK1606103194 Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 13 Jun 94*

[Text] Jiang Zemin and Li Peng have expressed great concern over the disaster situation in western Guangdong and have made telephone calls to express sympathy and solicitude for people in the disaster-stricken areas.

This morning, Jiang Zemin, CPC Central Committee general secretary, made a personal telephone call to the Guangdong Provincial CPC Committee to express concern over the situation in Zhanjiang City and Maoming City which were recently hit by a severe flood and a strong typhoon.

On the telephone, Jiang Zemin first inquired about the disaster situation in the two cities. After being told that the flood which hit the two cities had receded somewhat and that the Guangdong Provincial CPC Committee and People's Government are currently making every possible effort to organize people to combat the flood, provide disaster relief, and make proper arrangement for people's livelihood in the disaster-stricken areas, Jiang Zemin said he felt deeply relieved.

General Secretary Jiang Zemin asked the Guangdong Provincial CPC Committee to pass his regards to people in the disaster-stricken areas and extend lofty respects to the broad masses of cadres, people, People's Liberation Army officers and soldiers, as well as armed police officers and armed policemen combating the flood and at the forefront of providing disaster relief.

The general secretary also expressed the hope that people in Guangdong's disaster-stricken areas will unite more closely, work harder, overcome difficulties, provide for and help themselves by engaging in production as soon as possible, reduce the losses caused by the disaster to a minimum, and strive to win a complete victory in combating the flood and providing disaster relief.

State Flood Control and Drought Relief Headquarters yesterday sent a telegram to the Guangdong Provincial People's Government and the Guangdong Provincial Flood, Drought, and Forest Fire Control Headquarters, in which it relayed Premier Li Peng's concern, sympathy, and solicitude for people in Guangdong's disaster-stricken areas.

**Chi Haotian Views National Defense Education***OW1506211494 Beijing XINHUA Domestic Service in Chinese 1228 GMT 14 Jun 94*

[Text] Beijing, 14 Jun (XINHUA)—Elaborating on the significance of conducting national defense education at a founding ceremony of the selection committee for the National Defense Quiz Competition Organizing Committee today, Chi Haotian, state councillor and concurrently national defense minister, emphatically pointed out that the more we want stability, development, and to live and work in peace and contentment, the more we

should value national defense education, understand the meanings of being vigilant in peace time and the danger of being unaware of warfare, and enhance the awareness required to safeguard our motherland's security, ensure national development, and safeguard national interests.

The National Quiz Competition on National Defense Campaign is sponsored by such units as the Science Dissemination Association, the All-China Writers' Association, and the State Commission of Science, Technology, and Industry for National Defense. The campaign's purpose is to promote national defense education for the nation and to enhance people's national defense awareness. Zhang Zhen, Central Military Commission vice chairman, and others met with attendees of the ceremony. Also present at the meeting were Yu Yongbo, General Political Department director, and others.

Chi Haotian called this competition an event of great significance. He said: The CPC Central Committee, the State Council, and the Central Military Commission attach great importance to national defense education for the nation; make the strengthening of national defense education and enhancing of people's national defense awareness a strategic task facing the entire party, military, and governments at all levels. In a complicated and turbulent international situation, a nation will not stand up without national defense and people will feel uneasy without soldiers' protection. A state must be equipped with national defense and become rich through building up its military power. China not only needs to accelerate its development, but needs to ensure its security. For development, we need to do a good job in economic construction; and for security, we need to strengthen national defense construction. A booming economy and strong national defense are the two key pillars—representing fundamental national interests—on which China relies on to stand on its own feet in the world. Consideration must be given to both economic and national defense development. We should strengthen national defense education focusing on outlooks on warfare, national security and interests and national defense knowledge; earnestly study Mao Zedong thought on the military and Comrade Deng Xiaoping's thinking of army-building in a new era; enhance awareness of national defense; and create a fine social custom that the whole nation is concerned with national defense construction and everyone takes his responsibilities and does his bit for constructing and strengthening national defense.

Chi Haotian said: To strengthen national education on national defense is a way to pluck up the national spirit and is of great significance in promoting social stability and economic development. National defense education yields not only military efficiency, but also economic and social efficiency as well. Patriotism, revolutionary heroism, a national spirit that constantly strives to become stronger, and a selfless and devoted revolutionary spirit, as well as a cohesive force that strengthens the nation's unity, generated from a strong awareness of

national defense, can be transformed as combat effectiveness and economic productive forces, thereby creating a stable and fine social environment for developing the national economy and maintaining long-term stability.

**Daughter Says Deng 'In Very Good Health'**

HK1606060894 Beijing ZHONGGUO QINGNIAN BAO  
in Chinese 9 Jun 94 p 1

[Article by Wang Xudong (3769 2485 2639) and Ma Mingjie (7456 2494 3381): "When Contributing Royalties, Deng Xiaoping's Daughter Xiao Rong Says All Members of Her Family Are Concerned About the Hope Project"]

[Text] On the afternoon of 7 June, Xiao Rong, author of *My Father Deng Xiaoping*, came to the China Youth Fund to contribute 15,000 yuan to the Hope Project to help some 50 pupils deprived of education in Yimeng Shan. The money had been paid to the author by a publishing company in Shandong to compensate for the loss of royalties resulting from copyright infringement of the book *My Father Deng Xiaoping*.

Xu Yongguang, secretary general of the China Youth Fund, expressed his thanks to Xiao Rong, saying: When we put on a benefit performance in January this year, we made a point of fetching some children from Bose, who had received aid from Comrade Xiaoping, to report their study achievements at the Great Hall of the People to grandpa Deng Xiaoping.

Xiao Rong said: The aided children in Bose wrote a letter to father in 1992, and he was very pleased to read it. Out of curiosity, she asked how the fund had determined that the donation had come from her father because it was made clear at the time of the donation that no name should be given and that it should be given in the name of "an old communist party member." Xiao asked with humor whether it was the comrades who presented the money who had "divulged the secret." Xu explained that they had been tightlipped and that the matter had been clarified only through inquiries in many quarters.

Xiao Rong laughed and said: All of our family members are concerned about the Hope Project. Mother has made many donations to the Hope Project. At the beginning of this year, she received over 4,000 yuan in back pay, which she contributed to the Hope Project without disclosing her real name. At the dinner table, mother also frequently calls on other family members to contribute money to the Hope Project. When I made a donation this time, she repeatedly said "fine" and encouraged me to make more donations if there was such an opportunity.

Xiao Rong praised the method of "one helping one" in the Hope Project, saying that it was so easy to supervise and so highly transparent that donors could set their minds at rest.

Everybody is very much concerned about Comrade Xiaoping. Xiao Rong said: Father is 90 years old this year but he is not suffering from any illness [dan mei you bing 0141 3093 2589 4016] and he is in very good health.

**Dissident Begins Hunger Strike Protest**

HK1506132894 Hong Kong AFP in English 1307 GMT  
15 Jun 94

[Text] Beijing, June 15 (AFP)—Chinese dissident Wang Dan began a 48-hour hunger strike at his home here Wednesday to protest police harassment and the government's refusal to democratize China's political system. "I have had enough of being constantly watched in contempt of the law, and I want to stand up for my rights," the former student leader of the 1989 pro-democracy movement said by telephone. He added that he was also protesting the government's indifference to appeals from the Chinese people for more democracy. A number of petitions sent to the authorities by dissident groups. [sentence as received]

Wang, 24, was freed in 1993 after spending four years in prison. He said Tuesday that he would begin a fast unless the police presence around him was removed by Wednesday night. He said he feared for his safety, adding that two plain clothes police followed him everywhere, and that four or five others were stationed day and night in front of his building.

Wang returned here Sunday from the eastern province of Shandong. He decided to leave the capital for the fifth anniversary of the Tiananmen massacre on June 4, in order to "avoid police harassment." At the end of May, the dissident signed a petition with six other people, protesting the treatment of those involved in the 1989 pro-democracy movement and calling for the release of all those detained. A number of petitions and open letters have been sent to the government this year by dissidents and intellectuals pushing for more democracy. But the government has responded by intensifying repression, arresting many dissident leaders and putting others under intense police surveillance.

**Government Publishes 'Delhi Declaration' on Education**

OW1506170994 Beijing XINHUA in English 1542  
GMT 15 Jun 94

[Text] Beijing, June 15 (XINHUA)—China's publication of the "Delhi Declaration" demonstrates the Chinese Government's determination to basically popularize nine-year compulsory education and eliminate illiteracy among middle-aged and young people by 2000.

This is also a part of carrying out international promises, a spokesman from China's State Education Commission told XINHUA here today.

On December 16 last year, Chinese Vice-Premier Li Lanqing attended the nine-nation education-for-all summit in New Delhi and signed the declaration



together with the leaders and representatives from the other eight countries, Bangladesh, Brazil, Egypt, Indonesia, India, Mexico, Nigeria and Pakistan.

China published the "Delhi Declaration" today.

In the Delhi Declaration, the leaders of these nine highly populated developing countries reaffirmed their commitment to meeting the basic learning needs of all their people by making primary education universal.

The spokesman said that the publication of the declaration in China would promote the reform and development of the nation's education agenda.

#### **Journal Views Results of Students Survey**

*HK1606104194 Hong Kong TANGTAL in Chinese  
No 39, 15 Jun 94 pp 14-16*

["Satisfaction With CPC Is Declining—A Survey on Ideological Conditions Among University Students After 4 June Incident"]

[Text] [Editor's note] At the time of the fifth anniversary of the "4 June incident," the CPC authorities kept a close watch on the ideological trends among the college students in Beijing. Two months before "4 June," the CPC Central Committee instructed the State Education Commission and the Communist Youth League Central Committee to jointly carry out "an analysis of the current conditions of college students," to understand the current ideological conditions and characteristics of college students. The "analysis of the current conditions of college students" is summarized below. [end editor's note]

Compared with other social groups in contemporary society, today's college students are still a group which is very idealistic and politically sensitive and is characterized more by belief and aspirations.

#### **A Group Which Is Ideal and Diversified in Development**

Compared with the college students in an earlier period, today's college students exhibit the features of diversity in thinking, choice, and the problems they face. In concrete terms, at present, the number of students who want to "learn some practical knowledge" has increased, reaching 84.9 percent; at the same time, 60 percent of them are still interested in major international and domestic issues and news but their focus on politics, the channel through which they care about politics, and the style with which they do so have changed and shifted.

#### **Eager To Work Part-Time and Fall in Love**

Judged superficially, college students today have obviously become more pragmatic in all areas and at different levels. In the area of study, students are quite vigorous. Most students have a "broad" understanding of "study," saying that "reading books is study but using knowledge is a more important study method." In terms

of behavior, they have already jumped out of "books." Absence from class, being late for class, and leaving before class is finished are spreading phenomena. The "craze for going abroad" among students has declined a bit but is basically in a condition of steady development. On campus, a "craze for becoming capable people" is taking shape. However, as regards the criteria for a qualified person and how one can become a capable person, useful to society and needed by the country, students have an understanding and behavior very different from the traditional modes. In the area of politics, discussions on political problems, as well as expressing and exchanging ideas, have decreased, and there is little deep pondering and research. Thus, there is no clear sign of any emerging political ideological trend and there is a certain degree of indifference and apathy.

In the area of daily behavior, last year, the phenomenon of students breaking the law and discipline was frequently seen. The number of lawbreaking and discipline-violating cases was four or five times that in the previous year and the most acute phenomenon was "fighting and beating." The "love wind" was constantly blowing. During last summer, about one-third of students worked amid the "work craze."

#### **The Sense of "Ego" Swells**

Judged psychologically, most students are currently in the "individualizing" condition and their senses of "ego" and of being an individual are gradually becoming explicit and clear. This is mainly illustrated by the following three points: 1) When they choose a mode of behavior, they mainly or solely ask "whether it is beneficial to myself" or "whether I can obtain benefit from it." 2) In the area of politics, they cannot resist the temptation and about two-thirds of students show great interest in and enthusiasm for the major international and domestic political issues. 3) In daily life, their psychological condition and concepts are in a rather seriously unbalanced state.

From the above descriptions we can see inconsistency and a great deal of contradiction between the superficial phenomenon of students and their psychological condition. The use of traditional viewpoints and angles to observe and analyze students' superficial problems will easily slip into an impasse characterized by puzzlement and confusion.

Judged from a static perspective, that is, from the current conditions, the present situation among college students is quite optimistic. They are still fully confident and hopeful about the future and still want very much to train themselves into "people useful to the society," wanting to do great things. They show a higher degree of care for politics. For example, about 73 percent of the college students in the Beijing area said that they are "very concerned" or "quite concerned" with "Comrade Deng Xiaoping's inspection tour to the south" and "the 14th CPC National Congress," 95.8 percent of them



agree that "economic development needs a stable political environment," and 76 percent of them thought that the central authorities have scored results, or have "obtained marked effect," or "scored initial result" in "stabilizing the political situation."

#### **Mammonism Has a Certain Market on Campus**

However, judged from a dynamic perspective, that is, from the situation of development and changes, there is something to worry about. Judged from the students' job choices, mammonism has a certain market on campuses. "High income" has already jumped from second and third choice in several previous surveys to first choice and "giving full play to individual specialties" has dropped from first to second choice. Judged from the psychological condition of the students, although they think that the future is full of promise, about half of them "do not know exactly what to do in the future." When 1993 is compared with 1992, the degree of satisfaction felt by students toward the relevant work in schools is decreasing, generally by over 20 percent; the degree of satisfaction toward the work done by the central authorities in recent years has also decreased by over 15 percent.

The main current among today's college students is good, positive, and upwardly mobile. This is mainly manifested in the following:

#### **Some 75 Percent of Students Think That People Should Have Belief**

1. In the area of outlook on life, all college students hope that they can become people who are viewed by others as "useful persons," "successful persons," or "persons who can accomplish a lot of things." Although they have different criteria regarding "success," (making contributions to society or making themselves happier and freer); although they have different choices of channels to "success," (such as "going to the mountain," "going to the sea," carrying out theoretical research, or engaging in actual operations), most students have a positive outlook on life; and the degree of "waiting" is decreasing and the sense of "struggle" is increasing. A survey in Beijing shows 73 percent of students strongly advocate that "people should have belief" and 50 percent of students do not agree with the viewpoint "enjoying without delay." Many college students throughout the country gave similar answers. The "craze for becoming a capable person" has quietly emerged. Nearly 70 percent of students thought that "university students should become builders of socialism."

#### **Not Caring About Politics, Caring Only About Immediate Interests**

2. In the area of politics, although one-third of students have the concept that "it is better to be indifferent to politics" and two-thirds of them feel that "at present, most people do not care about politics but care only about immediate interests," two-thirds of students are

still very interested in international and domestic political issues, toward which they show a high degree of concern, and their viewpoints are quite correct. For example, 75 percent of students think that "China's future is full of promise" and this is particularly true after further unfolding of the "anticorruption" work and the closing of the Third Plenary Session of the 14th CPC Central Committee.

The minor points regarding students cannot be neglected and belittled. These are mainly manifested in:

#### **Feeling That Religious Activity Is "Fun"**

1. There is an increasing number of students who feel that religious activity is "fun," who have a certain interest in religion, and who have varying degrees of religious belief. According to information, there is a certain number of students who go to church on Sunday but only a few of them really have firm religious belief.

2. Among students, the number of those who agree with the "tendency to become the same" theory is increasing and the number of those who are indifferent to politics is also on the rise. According to a survey carried out on the campus of a comprehensive university in Beijing, in 1992, 41.9 percent of students believed in the "tendency to become the same" theory and thought that the socialist and capitalist systems will gradually mix together; in 1993, the figure had risen to 51.1 percent. According to a survey by Beijing Municipality, in 1986, 11.9 percent of students held the viewpoint that "university students should mainly concern themselves with study and not with politics and society"; in 1988, this figure dropped to 6.2 percent. However, in 1993, 36.8 percent of students held the viewpoint that "it is better to be indifferent to politics."

3. The phenomenon of psychological imbalance among college students is quite general and the condition of psychological well-being among students is deteriorating. According to a survey done by a college of engineering in Beijing, 34.3 percent of students have psychological illness to varying degrees, far surpassing the average level (16 percent) in the colleges across the country two years ago.

#### **Twenty-Five Percent of University Students Have Premarital Sex**

4. The moral condition of college students is "deteriorating." According to a survey of 2,000 students in 20 universities, about 25 percent of students have had premarital sex and this tendency is increasing; according to the heads of many student work departments (offices) in higher learning institutes, students' morals have sharply declined and cheating in exams has become prevalent.

### College Students Are Seriously Unbalanced Psychologically

Judged from the above analyses, to varying degrees, college students have left the "intermediate state" and entered the "polar state" or "plural state." That is, activity and passivity coexist, stability and agitation occur simultaneously, and hope and despair perpetuate together, forming a rather seriously conflicting condition. Superficially, campuses do not seem to have any "flash points" and "no focus" but, in fact, they have "many flash points," "many focuses," and "many tendencies," and are in a disorderly state and a psychologically unbalanced, and even seriously conflicting, condition.

### Journal on Two Major Reform Principles

*HK1606081994 Hong Kong CHING PAO in Chinese  
No 6 in Chinese 3 Jun 94 pp 30-33*

[By Zhang Mu (1728 3092): "CPC Sets Out Two Major Principles for Reform and Opening"]

[Text] China Has Got Into a Position From Which There Is No Turning Back, As If It Was Riding a Tiger; This Will Either Do Good or Harm to China and Determine the CPC's Future

It is safe to say that mainland China has got into "a precarious position from which there is no turning back." Such an assessment can apply to both the general political and economic situations and the process of reform and opening initiated by the CPC leadership. The economic construction and in-depth reform are now under way. The 1988 policy of suspending construction projects and rectifying economic order will never be introduced again. The only way out is to restrain this "tiger which has left its den" so that it behaves well. China has got into a crucial position with regard to its diplomacy and its domestic political situation which will either "do China good or harm and determine the CPC's future." The CPC leaders are now applying themselves to working out a suitable strategy to deal with the situation in an attempt to provide stable internal and external environments to enable economic growth to follow a steady upward course.

A CPC leader said: Last year witnessed rapid economic growth and great achievements but we should be aware that there are still some difficulties and problems, the main one being too great an amount of investment in fixed assets. Deng Xiaoping has said too rapid economic growth will get us into trouble. The economic growth rate must be appropriate but China's current economic growth rate is too high despite the macrocontrol. There has never before been such a precedent in the world.

Some senior CPC leaders recently said that they are most afraid of "three major difficulties" which have led to the precarious situation I have mentioned. The three major difficulties are said to be as follows: "One, excessive capital construction and excessive money supply

resulting in inflation; two, the central government has actually relaxed its grip on the shopping basket project and, if we cannot keep the project going, how can ordinary people bear the burden brought about by price increases in nonstaple food? and three, the reform is at a crucial stage and new reform measures must be put into effect but some problems will crop up in the process of reform." Clearly the fact that these three problems have become entangled makes it more difficult to straighten things out.

### Two Major Principles for Reform and Opening

The problems which call for immediate solution are how to carry out unified government decrees, how to achieve concerted action, and how to coordinate the demands and plans of the various central departments and localities for stepping up their own development while promoting reform and opening up. Each usually has its reasons for development, makes its own analysis of the situation, and has its own strengths and special needs. Deng's speech, made during his south China tour, which calls for rapid development, also makes it all the more difficult to achieve full communication between the higher and lower levels and to persuade every unit to keep in step with the central authorities.

The CPC policy decisionmaking body has set out, after study, two principles for reform and opening up: First, the reform policy must be in the interests of the majority and second, the reform policy must take into account the tolerance of the majority.

The first principle means any reform policy must be beneficial to the majority instead of causing them losses. Though it is impossible for a reform policy to bring a benefit or the same benefit to everyone, it must bring a benefit to the majority.

The second principle means the reform policy must be acceptable to the majority. If the policy is unacceptable to the majority, it must not be put into effect because it will certainly meet with a rebuff if it is.

### Vice Premier Zhu Rongji Calls for Thinking of Danger in Times of Peace

Vice Premier Zhu Rongji said: Historical experience has told us we must take actual conditions into account in deciding which reform policies should be introduced first and which ones later and how the reform should be accelerated. The present situation is: First, leaders of the central authorities must keep a cool head and value the historical experience. Second, our present conditions are different from those in 1988. We have put many more reform policies into practice and the people have much greater tolerance. Third, it should be admitted that leaders of a number of localities are prepared for, cherish a hope for, and have demanded deepened and accelerated reform. If all of us can make a concerted effort to crack several hard nuts, we will take an important step forward toward the market economy. However, there are a fair number of problems calling for attention, some of



which are even fairly serious and can only be solved with difficulty. For instance, the problem of large and medium state-owned enterprises changing their operating mechanism; the problem of helping many workers gain subsistence; the problem of arousing the peasants' enthusiasm for production; the problem of providing outlets for surplus rural labor; the problem of promoting ideological and cultural progress; the problem of fostering a healthy citizenry; and the problem of maintaining social order. There are also quite a few additional concerns. Thus, we must think of danger in peacetime and must not relax our vigilance in the face of the excellent situation. We must be aware of the existing problems and do our work in a meticulous and sound way.

The CPC leadership has really achieved remarkable results in this respect. All unauthorized construction projects, development zones, and stock and futures markets have been closed down. The malpractice of arbitrarily increasing the prices of agricultural, sideline, native, and special products, which easily trigger buying sprees; the various means of raising funds; the setting up of renamed companies; the official racketeering; and smuggling activities were all held in check. The macro-control from top to bottom and government decrees were carried out more smoothly than before. Improvements were also made in the tax reform, slowing down economic growth, improving the economic efficiency of state firms, and adjusting investment volume.

#### **Stabilizing the Situation and Solving Contradictions**

When meeting with Malaysian Prime Minister Mahathir in Beijing in mid-May, CPC General Secretary Jiang Zemin especially mentioned the "4 June" incident, stressing that the original verdict of the incident remains unchanged and that a bad thing has been changed into a good thing, namely, the development and stability over the last few years. Jiang, who was personally elevated by Deng as the core of the third generation of the central leadership and who has been in this position for five years, was duty-bound to reiterate Deng's line and major policy decisions to clarify various rumors and misunderstandings.

The factors and the three major problems mentioned above have resulted in more social contradictions and destabilizing factors on the mainland such as unemployment in urban and rural areas, the scissors difference between industrial and agricultural prices, price increases, unauthorized charges, white slips as IOU's, debt chains, the big gap between the rich and the poor, disparity in income, social disorder, the splitting up of different social groups, conflicts of interest, controversies, corruption, and unhealthy tendencies in society. However, the CPC leadership has stated with certainty that some destabilizing factors are unavoidable but they will not result in a great turmoil.

#### **Uphold the Six Musts and Never's Principle and Stick to the Main Theme**

However, the CPC has spared no efforts to bring the situation under control. They have seen to it that the media play a guiding role and that propaganda and ideological work is subject to and serves the central task, namely, economic development. Ideological work must be subject to economic and political needs. While ideological education cannot solve all problems, it can achieve something. If the authorities make sure that the media plays a good guiding role, it is possible to solve contradictions, undo puzzles, coordinate relations, allay resentment and, thus, create a united, stable, and harmonious society. The CPC has also advanced a "six must's and six never's" principle for the media to follow, namely: One, they must be helpful and never make trouble; two, must stick to the main theme and never "make noise"; three, must take social results into account and never forget all moral honor at the sight of profits; four, must abide by propaganda discipline and never have their own way; five, must "concentrate on the central task" and never "disperse their strength"; and six, must make every effort to carry out the party's policies to the letter and never blow success out of proportion.

Again, the CPC authorities have also taken measures to strengthen market control, check price jumps, crack down on speculators. In the meantime, they have continued to improve all facets of public security, check corruption, promote education and strengthen school management, resettle unemployed workers, and energetically support poor areas in the countryside with a view to alleviating contradictions and nipping evil in the bud.

#### **Focus on Key Points and Never Surpass Three Economic Targets**

The CPC leadership is gratified by the economic situation and the results of reform in the first four months of this year. The fiscal, tax, and financial reforms have proceeded normally without a major hitch. The "trend of increasing prices" once seen in the market has been brought under control and prices declined notably in April. The difficulties in agricultural development such as bottlenecks in energy and communications, which present great restrictions on economic growth, and excessive investment, however, remain unsolved.

The CPC authorities stressed the need not to surpass the economic targets set by Premier Li Peng in his government work report: One, economic growth rate is to be kept at 9 percent; two, fixed assets investment kept at 1,300 billion yuan; and three, the general index of national retail prices kept within 10 percent. According to these targets, industrial growth is only allowed to hit 11 percent or below. However, China's industrial growth rate in the first quarter was 18 percent and in quite a few areas enterprises are still competing with each other for more and larger projects and greater speed. The 1994 growth rate of fixed assets investment is to be kept at 9 percent but the investment made by state departments and enterprises rose by more than 40 percent during the



first quarter and the retail prices in large and medium cities are likely to soar at any moment. Zhu Rongji said: The task of solving major contradictions and problems remains tough. The problems of excessive construction are still there. If this situation continues, it will be harmful to various localities and the whole country. He demanded that various localities and departments think and act in compliance with the central government's major policy decisions, strengthening and improving macrocontrol and taking decisive and effective measures to solve the problem concerning fixed assets investment. A considerable amount of self-provided funds have now exceeded the limit set by the regulations on the sources of self-provided funds, so it is necessary to strictly define and codify the sources of funds. Approval must be obtained before borrowing money abroad and sufficient funds must be provided for the key projects.

#### **Four Major Measures for Promoting Agricultural Production**

According to a source, sufficient funds and human and material resources have been sent to the construction sites of over 100 state key projects and about 1,000 key construction projects. The construction of the following projects is being speeded up in quality: The irrigation works at the Three Gorges and at Xiaolandi on the Huang He; the harnessing of the Hwai He and Tai Hu; the Beijing-Jiujiang, Baoji-Zhongwei, Houma-Yueshan, Nanning-Kunming, Hangzhou-Zhuzhou, and other key rail lines; key port projects in Dalian and Shanghai; fiber-optic cables linking Beijing with Shenyang, Harbin, Wuhan, and Guangzhou and linking Qinghai with Lanzhou and Urumqi; and large coal mines and hydraulic and thermal power plants in Shanxi, Shaanxi, and Inner Mongolia. The technical transformation in six old major industrial cities, including Shanghai, Tianjin, Shenyang, Wuhan, Dalian and Chongqing is being accelerated. The state has decided to inject an additional 15 billion yuan into the six cities to accelerate the adjustment of the industrial product mix, increase their competitiveness, and keep up their strength for further growth.

In setting up a modern enterprise system, the central government has decided to proceed from reinvigorating individual enterprises to enlivening all state enterprise; from granting preferential policies to introducing new systems; from carrying out enterprise reform to pressing ahead with the whole project of establishing a socialist market economy; from allowing no state enterprises to go bankrupt to allowing only the best to survive; and from discussing principles and directions to exploring specific measures. More resolute measures favoring agricultural development will be taken. First, increasing investment in agriculture and rural economic development projects; second, increasing the purchasing prices of grain and cotton when new grain goes on sale this year; third, improving the special system for stockpiling reserves; and fourth, setting up the noncommercial agricultural development bank.

#### **Expand Relations with Foreign Countries To Increase Influence**

With "Asia fever" on the rise in the world, China's development has become all the more spectacular. Jiang Zemin said: "China needs the world for its development and vice versa. A stable, developed, and strong China will not make any threats against other countries; rather, it will make greater contributions to peace and development in the world including the Asia-Pacific region."

Over the last few years, the CPC has achieved great results in carrying out Deng Xiaoping's omnidirectional diplomacy. In particular, it succeeded in foiling the economic sanctions jointly imposed by seven major countries and thus enabled China to take an active part in international affairs again. China has also increased official contacts, economic cooperation, and cultural exchanges with other countries. Statistics show China has established diplomatic relations with 158 countries to date. Chinese Foreign Minister Qian Qichen said: China's relations with neighboring countries have been consolidated in the process of development and the PRC has cemented optimum good-neighborly relations with surrounding countries since its founding. China has strengthened its solidarity and cooperation with the large numbers of developing countries through mutual support and has improved and expanded its cooperative relations on a mutually beneficial basis through dialogues on an equal footing.

Since last year, seven members of the CPC Central Committee Standing Committee and other senior party, government, and military leaders have visited many countries and regions around the world to carry out diplomatic activities. State leaders or important political figures from: Major Western countries, including the United States; surrounding and other Asian countries; European and African countries; and Australia have also come to China for a visit. The military has also made much headway in opening itself to the outside world and in establishing ties with its counterparts in foreign countries. Over the last few years the military has received military delegations from over 40 countries and has sent 120 delegations to foreign countries, comprising 1,300 people including the defense minister, the chief of general staff, and high-ranking military officers. The military also exchanged warship visits with foreign countries. Early this year, General Liu Huaqing, vice chairman of the Central Military Commission, visited Thailand and Indonesia to increase mutual understanding and friendship with ASEAN countries, thus opening a new chapter in China's military diplomacy.

#### **Great Achievements in Foreign Trade**

China has made the most conspicuous achievements in expanding foreign trade and economic relations. These achievements are also unprecedented ones since the CPC gave up the policies of closing itself to international intercourse and self-reliance. Over the last 15 years, China has approved 174,000 foreign-funded projects with

the actual use of foreign funds standing at \$60 billion. Last year China approved 83,000 foreign-funded projects, up 70 percent from the previous year's figure, with the actual introduction of foreign funds amounting to \$25.8 billion, up 130 percent from the previous year's corresponding figure. The five special economic zones, the 14 open coastal cities, the 30 economic and technological development zones, the 13 bonded areas, the New Pudong District in Shanghai, the coastal economic development zones, the capitals of 18 provinces and autonomous regions in the interior, and the 13 cities, counties, and towns along the border, have formed an initial pattern of comprehensive opening up. Last year, China's foreign trade volume hit \$195.7 billion, 8.5 times that of 1978, and its trade volume jumped from 32d to 11th place in the table showing each country's trade volume.

According to a commentary in the NEW YORK TIMES, from now until the end of this century, China will spend about \$560 billion on capital construction. If American businessmen can get one percent of the contracts, this will give hundreds of thousands of jobs to American people. Some people have tried to revoke China's MFN trading status for human rights reasons but this would be "an error of the times" because it would amount to the United States pointing a gun to its own head while announcing that it was going to press the trigger.

#### No Rush in Promoting Democracy

The CPC stressed the need to take the initiative in dealing with the human rights issue. China has taken an active part in the publication of the "White Paper on the Human Rights Issue" and in the International Conference on Human Rights held by the United States in Vienna last year, acting as vice chairman of the conference, tabling many proposals to promote global economic cooperation and protect the ecological environment, and endorsing the Vienna Declaration and Program of Action. When visiting northern European countries, Li Ruihuan, Chairman of the Chinese People's Political Consultative Conference National Committee, said China respects the international community's universal principle on human rights and agrees to the conduct of international dialogues on human rights. This is the first time a core member of the CPC leadership has made such a statement. In the meantime, Li said it is necessary to take into account specific conditions in various countries in applying the universal principle on human rights. China opposes interference in other countries' internal affairs and hopes that various countries will respect each other, increase understanding, agree to disagree, and make progress together.

The CPC's diplomatic strategy is based exactly on Deng Xiaoping's instructions: "Two conditions are essential to a successful modernization drive: First, favorable internal conditions, meaning that we must persist in current reform and opening China to the outside world and maintain political stability and unity; second, favorable international conditions, meaning lasting global

peace." Deng maintained that China must practice democracy finally but it will not work if we act in haste.

#### Science & Technology

**CASS Invites Tenders for Key Research Projects**  
*HK1506151094 Beijing ZHONGGUO XINWEN SHE*  
*in English 1205 GMT 15 Jun 94*

[Text] Beijing, June 15 (CNS)—The Chinese Academy of Social Sciences (CASS) invited tenders for the first time for some of its key research projects in order to encourage researchers to take up difficult subjects and to produce substantive success. Such a practice is aimed at enabling the academy to further build up a competitive and incentive mechanism.

The Director of the Scientific Research Bureau of the academy Mr. He Bingmeng, said in an interview with this agency that the academy had formulated regulations of such bidding on a trial basis. He added that the regulations stated that the academy would offer public bidding each year for some key research projects in order to ensure high quality results.

The traditional practice employed by the academy for key projects started with applications by each of its institutes which would be discussed by the Scientific Research Bureau. The applications were then submitted to the academy for final appraisal and approval. The main shortcoming of such practice lay in failure of highlighting the key projects which in turn led to fewer number of researchers who took up such projects.

The Vice President of the academy, Mr. Ru Xin, said that there were some 460 treatises last year as the result of research on specific topics, together with 530 investigative reports, 2,500 academic papers not including translated and academic references. All these totalled 150 million Chinese characters. Mr. Ru frankly acknowledged that the success in terms of quantity was rather great but there were not many of high quality while most of them were of general level and some even were of low quality.

The bureau made public some guidelines for the bidding which covers 12 research projects including research on situation of and solution to state-owned enterprises which are in serious loss, research on loss of state-owned asset seen in the transaction of property rights of state-owned enterprises, research on division of revenue and expenditure by governments at various levels and a shift of revenue between governments, legal protection on the build-up of clean administration, policy on absorption of surplus of rural labour force in main urban areas and research on relationships between China and Japan as well as the United States in economic cooperation in Asia and Pacific region.

The 12 items make up one seventh of key projects set by the academy for the entire year. The period of time for such bidding was between May 10 and June 30 which is



open to all researchers of the academy on a basis of fair competition and the most suitable candidates will be chosen. The academy specially appropriated RMB (renminbi) 680 000 to fund the research items under the bidding. Mr. He said that in order to ensure high level outcome from these projects, the academy suggested to carry out joint research on these items and organized research teams featuring various disciplines and institutes as well as experts and scholars.

### Economic & Agricultural

#### White Paper on Intellectual Property Rights Published

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["Text of White Paper: 'Intellectual Property Protection in China'"]

[Text] Beijing, June 16 (XINHUA)—The information office of China's State Council released a white paper entitled "Intellectual Property Protection in China" here today. The full text of the white paper follows:

#### Foreword

Chinese civilization has a long history. The Chinese nation has a vast reservoir of creativity. The brilliant culture created by the Chinese people has exerted a deepgoing influence on the progress of human civilization. Over the past several thousand years, vast numbers of outstanding Chinese scientists, inventors, writers and artists have given the glorious fruits of their mental labour to the development of humanity's common civilization, making enormous contributions.

The intellectual property protection system emerged as a product of the development of human civilization and commodity economy and, in various countries, it has increasingly become an effective legal tool for protecting the interests of the owner of intellectual products, promoting the development of science, technology and the social economy, and allowing international competition. As a whole, China, however, for a variety of historical reasons, began work on its intellectual property rights protection system at a comparatively late date. After China started reform and opening to the outside world, it accelerated the process of establishing an intellectual property rights protection system in order to rapidly develop social productive forces, promote overall social progress, meet the needs of developing a socialist market economy and expedite China's entry into the world economy. Since the end of the 1970s, China has done a tremendous amount of effective work in this field, covering in a little more than a dozen years a distance which took other developed countries scores of years, even a hundred years, establishing a relatively comprehensive legal system for the protection of intellectual property

rights, thereby attracting worldwide attention for its achievements not only in establishing the system but also in enforcement.

Today, intellectual property protection is an issue of universal concern in the international political, economic, scientific, technological and cultural exchanges. International bilateral and multilateral negotiations on this topic, especially the reaching of the Agreement on Trade-Related Aspects of Intellectual Property Rights in the General Agreement on Tariffs and Trade (GATT), have raised worldwide intellectual property protection to a new level.

In today's world, great importance is attached to intellectual property protection. What is China's specific position regarding this question? What is China's current legislation on intellectual property rights and how is it enforced? What measures has China taken to ensure its international commitment to intellectual property protection? A brief introduction to these issues will prove useful.

#### I. China's Basic Position Regarding the Protection of Intellectual Property Rights

It is the Chinese Government's view that the intellectual property protection system plays a significant role in promoting progress in science and technology, enriching culture and developing the economy. It functions both as an important institution ensuring the normal running of the socialist market economy and as one of the basic environments and conditions for conducting international exchange and cooperation in science, technology, economy and culture. China considers the protection of intellectual property an important part of its policy of reform and opening to the outside world and of the building of its socialist legal system. Beginning in the late 1970s, China has been formulating laws and regulations for intellectual property rights protection, and has been participating in activities organized by the relevant international organizations aimed at strengthening international exchange and cooperation in the field of intellectual property rights. From its inception China's intellectual property rights protection system was directed towards the world and geared to high international standards. Spurred on by its reform and opening up, China has carried on its intellectual property protection legislation at a speed never before known.

On March 3, 1980, the Chinese Government submitted its application for admission to the World Intellectual Property Organization, and became a member state as of June 3, 1980.

The Trademark Law of the People's Republic of China was adopted at the 24th meeting of the Standing Committee of the Fifth National People's Congress on August 23, 1982, effective March 1, 1983, significantly marking the beginning of the systematic establishment of China's modern legal system for the protection of intellectual property rights.

On March 12, 1984 the fourth meeting of the Standing Committee of the Sixth National People's Congress adopted the Patent Law of the People's Republic of China, effective April 1, 1985.

On December 19, 1984, the Chinese Government submitted its instrument of accession to the Paris Convention for the Protection of Industrial Property to the World Intellectual Property Organization and became a member state as of March 19, 1985.

The General Principles of the Civil Law of the People's Republic of China were adopted at the fourth session of the Sixth National People's Congress on April 12, 1986, effective January 1, 1987. In this legislation, intellectual property rights as a whole were clearly defined in China's basic civil law for the first time as the civil rights of citizens and legal persons. This law for the first time affirmed citizens' and legal persons' right of authorship (copyright).

The Chinese Government has also worked hard in helping to build up an international environment wherein intellectual property rights in integrated circuits are protected. The World Intellectual Property Organization adopted the Treaty on Intellectual Property in Respect of Integrated Circuit at a diplomatic conference held in Washington D.C. in 1989; China was among the first signatory states.

The Chinese Government presented its instrument of accession to the Madrid Agreement for the International Registration of Trademarks to the World Intellectual Property Organization on July 4, 1989, and became a member state as of October 4, 1989.

The Copyright Law of the People's Republic of China was adopted by the 15th meeting of the Seventh National People's Congress Standing Committee on September 7, 1990, effective June 1, 1991.

On July 10, 1992, the Chinese Government presented its instrument of accession to the Berne Convention for the Protection of Literary and Artistic Works to the World Intellectual Property Organization and on July 30, 1992 its instrument of accession to the Universal Copyright Convention to UNESCO, becoming a member state of both conventions as of October 15 and October 30, 1992 respectively.

On January 4, 1993, the Chinese Government presented its instrument of accession to the Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms to the World Intellectual Property Organization, and became a member state as of April 30, 1993.

The Law of the People's Republic of China on Combating Unfair Competition was adopted by the third meeting of the Standing Committee of the Eighth National People's Congress on September 2, 1993, and became effective on December 1 of the same year.

On September 15, 1993, the Chinese Government submitted its instrument of accession to the Patent Cooperation Treaty to the World Intellectual Property Organization, becoming a member state as of January 1, 1994. The Patent Office of China is China's agency dealing with cases involving the Patent Cooperation Treaty, performing international patent searches and preliminary examinations.

The above are only part of the records of China's intellectual property legislation and its participation in the activities organized by related international organizations, demonstrating the importance China has attached to intellectual property protection.

The basic framework for China's intellectual property rights protection legal system was completed for the most part in the 1980s. In the 1990s, international economic relations and the international economic environment have already undergone great changes. In November 1990, multilateral trade negotiations in GATT's Uruguay Round produced a draft Agreement on Trade-Related Aspects of Intellectual Property Rights. This signaled that a new international standard of intellectual property rights protection was taking form. The Chinese Government actively participated in the negotiations and made unremitting efforts towards their final success. In order to meet the needs of the ever-wider opening up, China has consciously sought to fulfil its international obligation in intellectual property rights protection, endeavoring to bring its intellectual property protection level near the new international standards, and has taken many major measures to further raise its current level of intellectual property rights protection.

The Chinese Government's sincerity in its efforts to scrupulously abide by international conventions and bilateral agreements regarding the protection of intellectual property rights, and its capacity to fully implement its international obligations have been appreciated and supported by world opinion. When reviewing the World Intellectual Property Organization's past 20 years of cooperation with China, Dr. Arpad Bogsch, Director-General of the Organization, pointed out that "China had accomplished all this at a speed unmatched in the history of intellectual property protection."

China adheres to the principle in legal system that "there shall be laws to abide by, everyone should abide by the law, the law must be enforced strictly, and those who violate the law must be dealt with." Still, the intellectual property rights protection system has only comparatively recently been introduced in China, and some portion of the population has a rather incomplete understanding of intellectual property rights. In order to better implement this principle, while improving its legal system, enforcing the laws earnestly and striking relentless blows at infringements and other unlawful practices, China has spared no efforts in publicizing and providing education about the intellectual property protection legal system and in accelerating the training of professional personnel in this field. In China the promulgation of



every intellectual property law was followed by widespread publicity through the media and distribution of large quantities of educational video-tapes and separate editions of the law. Meanwhile, governments at all levels ran legal knowledge forums and training classes so as to promptly make the relevant law known to all the people. After the revision of the Patent Law, for instance, millions of people throughout China attended such classes, the attendance in Hunan Province alone reaching 600,000 people. The fact that there has been an increasing number of cases involving intellectual property rights in recent years and that these cases have been remedied through recourse to law reflects the people's heightened awareness and the wide spread of intellectual property rights knowledge throughout society. In order to speed up the training of personnel in this field, the Chinese government has, in close cooperation with related international organizations, sent people abroad to study or to attend training classes and seminars. Together with the World Intellectual Property Organization, China has held more than 30 training classes and seminars, with the attendance of over 3,000 people. Programs in intellectual property rights education and research have also been initiated at over 70 institutions of higher learning throughout the country. In 1986, a teaching and research centre for intellectual property rights was established at the People's University of China, enrolling non-law majors to study for a second degree in intellectual property rights; Beijing University's School of Intellectual Property Rights was founded in 1993 on the basis of the achievements it had attained in teaching and research in this regard. An education system for training professional personnel in this field for their second, Master's or Doctor's degrees has gradually taken form in China, providing the nation with batch after batch of qualified personnel in intellectual property rights protection.

## II. China Has a High-Grade Legal System for Intellectual Property Protection

Along with its progress in reform and opening up, China has made big strides in intellectual property protection. In accordance with its national conditions and current tendencies in international development, China has formulated and fine-tuned various laws and regulations on intellectual property protection, thereby constructing a socialist legal system for intellectual property protection with Chinese characteristics. The scope of the intellectual property rights protected in China and the degree of protection afforded have gradually conformed with international practices and the high degree of legal protection for intellectual property rights has been realized.

Effective as of March 1983, the Trademark Law of the People's Republic of China and the rules for its implementation set forth the principles of application, examination and registration in trademark registration procedures which are entirely identical with common international principles. In order to meet the requirements of the reform and opening up and of economic

development, to more effectively crack down on trademark counterfeiting and stop acts of infringement, and to conscientiously protect the right to exclusive use of a registered trademark, in 1993 China revised both its Trademark Law and the rules for its implementation to expand the range of trademarks protected. Regulations on commodity trademarks were joined by regulations on the registration and management of service trademarks; in examination as to form, a revision procedure was added, and in examination as to substance, a written comment system was established to provide convenience for registered trademark applicants. All these regulations coincide completely with the requirements of GATT's Agreement on Trade-Related Aspects of Intellectual Property Rights. In addition, the State Administration for Industry and Commerce has issued a series of regulations including the Regulations on the Administration of the Printing of Trademarks and the Procedures for Filing License Contracts for the Use of Trademarks. In February 1993, the National People's Congress Standing Committee adopted the Supplementary Regulations on Punishing Criminal Counterfeiting of Registered Trademarks to further intensify punishment for such counterfeiting and other infringements. These laws and regulations fully and effectively guarantee the right to the exclusive use of Chinese and foreign registered trademarks.

The Patent Law of the People's Republic of China and the rules for its implementation came into effect in April 1985, expanding the scope of intellectual property protection in China to include inventions and other new creations. In order to bring the level of China's patent protection closer to international standards, the Standing Committee of the National People's Congress adopted an amendment to the Patent Law on September 4, 1992, which included important revisions. Proceeding from the needs of expanding the opening up and accelerating scientific, technological and economic development, first, the revised Patent Law expands the scope of patent protection: patents may be granted to all types of technological inventions, whether new products or new techniques, including pharmaceutical products and substances obtained by means of a chemical process, foods, beverages and flavorings. Second, an invention patent's duration has been extended from 15 years from the date of application to 20 years; the duration of utility model patents and of exterior design patents has been extended from 5 years from the date of application to 10 years. Third, the protection of patent rights has been further strengthened. In addition to extending the protection of a patented process to include products directly produced by that process, the law clearly stipulates that the importation of patented products requires the permission of the patent holder, thereby giving more effective protection to the rights and interests of patentees. Fourth, conditions for imposing compulsory patent license were restipulated. These measures mark the reaching of a new level of patent protection in China. In this way, the Patent Law of China has essentially been brought in line

with the GATT Agreement on Trade-Related Aspects of Intellectual Property Rights.

The Copyright Law of the People's Republic of China and the rules for its implementation explicitly protect the copyright and other legitimate rights and interests of the authors of literary, artistic and scientific works. The law provides that in addition to protecting the copyright of written works, oral works, music, operas, quyi (folk art forms including ballad singing, story telling, comic dialogues, clapper talks, cross talks, etc), choreography, works of fine arts, photographs, films, TV programs, video tapes, engineering designs, product designs and their descriptions, maps, sketch maps and other graphic works, China also protects computer software. China is among a select group of countries that have explicitly listed computer software as the object of protection by copyright laws. The State Council has, moreover, promulgated the Regulations on the Protection of Computer Software, providing the specifics whereby the laws protecting computer software will be implemented. These regulations, a necessary adjunct to the Copyright Law, came into effect in October 1991. On September 25, 1992 the State Council promulgated the Regulations on the Implementation of the International Copyright Treaty, providing specific regulations on protecting foreign authors' copyrights in accordance with the international treaty.

These laws and regulations have been joined by the Technological Contract Law of the People's Republic of China and the Law on Scientific and Technological Progress of the People's Republic of China as formulated by the Standing Committee of the National People's Congress, as well as a series of administrative regulations concerning intellectual property protection worked out by the State Council, together further optimizing the nation's legal system for the protection of intellectual property rights, in the whole bringing the system close to and in coordination with international levels of protection.

China has a complete legal system for the protection of intellectual property rights. China's intellectual property law stipulates the legal responsibilities to be borne by anyone who violates the law, including civil liability, criminal liability and exposure to administrative sanctions.

China's Patent Law provides that in the case of infringement arising from the exploitation of a patent without authorization of the patentee, the patentee or other affected parties may request the patent administrative authorities to deal with the matter or may directly file suit in a people's court. In investigating and dealing with the matter, the patent administrative authorities are empowered to order the infringer to stop all acts of infringement and compensate for any losses. Whoever counterfeits a patented product or wrongly appropriates a patented technique will be ordered by the patent administrative authorities to cease all acts of counterfeiting, to provide the public with notification of his or

her violation, and to pay a fine. In the case of serious violations, the criminal liability of the person directly responsible shall be investigated through application of relevant articles of the Criminal Law, and if found guilty, the person directly responsible shall be sentenced to fixed-term imprisonment of not more than three years, criminal detention or a fine.

China's trademark laws and regulations stipulate that in the event of infringement on the right to exclusive use of a registered trademark, the administrative department for industry and commerce can, in line with its functions and powers or on the basis of a consumer complaint, examine and deal with the violation on its own initiative. The party whose right has been infringed may also, at the place where the infringer lives or where the act of infringement took place, request an administrative department for industry and commerce at or above the county level to handle the matter. The relevant administrative department for industry and commerce has the right to order the infringer to immediately cease infringement and to compensate the party whose right has been infringed for its losses. If the act of infringement on the right to exclusive use of a registered trademark does not constitute a crime, the administrative department for industry and commerce may still impose a fine on the infringer. If the party concerned wishes to challenge the decision of the administrative department for industry and commerce, it may bring suit in a people's court within a fixed time and the court will render judgment on the case. These regulations provide convenience to the litigants, and, moreover, ensure consistency, impartiality and seriousness in administrative law enforcement and judicial adjudication. In the event of an infringement on the right to exclusive use of a registered trademark, the party whose right has been infringed may also directly bring suit in a people's court. If the counterfeiting of registered trademarks constitutes a crime, the person who committed the act shall be ordered to compensate the party whose right has been infringed for losses suffered and his criminal responsibility shall be investigated and dealt with in accordance with the law. In accordance with the Supplementary Regulations on Punishing Criminal Counterfeiting of Registered Trademarks, in cases where the illegal gains are relatively large or other serious circumstances are involved the counterfeiter of a registered trademark will be sentenced to fixed-term imprisonment of not more than three years or criminal detention, and/or fined; if the illegal gains are very large the counterfeiter shall be sentenced to fixed-term imprisonment of not less than three years and not more than seven years and be fined. If an enterprise or institution is guilty of criminally counterfeiting a registered trademark, the unit will be fined and the criminal liability of the person in charge and other people directly responsible for the counterfeiting shall be investigated and dealt with in accordance with the law. If a government employee knowingly covers up the criminal counterfeiting of a registered trademark or if a person charged



with enforcing the law compromises the law for personal gain, his or her criminal malfeasance will be determined by law.

The Copyright Law of China provides that the following acts shall be regarded as infringement: publication of a copyright owner's work without his or her permission, and the unauthorized publication of a cooperative work as the work of a single author; claiming authorship of another person's work without taking part in its creation with the intention of gaining fame or profit; distortion or alteration of another person's works; exploitation of an author's work in any manner without prior permission; the use of another's work without providing the legally stipulated payment; and live broadcast of a performance without the performer's prior permission. In such cases, the infringer shall bear civil responsibility for the cessation of the infringement, for the elimination of any negative effects caused by his actions, for offering a public apology, and for compensation for any losses. Those who plagiarize other people's works, or reproduce and distribute another person's works for their personal benefit without the copyright holder's permission, those who publish a book without the permission of the owner of the publishing right, and those who duplicate and distribute video and audio tapes without getting the permission of the tape manufacturers bear civil responsibility for their actions. The copyright administrative authorities may confiscate their illegal income or impose a fine on them. In the case of a copyright infringement or of violation of other related interests, the party whose rights have been infringed may also directly bring suit in a people's court. With regard to illegal activities that gravely jeopardize the social order or seriously infringe on the legitimate rights and interests of a copyright holder or the holder of other intellectual property rights, in cases where such violations constitute a crime the criminal liability of the infringer shall be investigated and dealt with in accordance with the relevant laws.

With the implementation of intellectual property laws, intellectual property rights are effectively protected in China. These laws are also actively encouraging invention and other forms of creation and fair competition. For instance, the protection of the right to the exclusive use of registered trademarks has resulted in the rapid growth of the number of trademarks registered by Chinese and foreign businessmen in China. By the end of 1993, the number of effective registered trademarks had exceeded 410,000. Of these, 350,000 were domestic, with the remaining 60,000 coming from 67 countries and regions. Companies from the United States, for example, had only 122 trademarks registered in China before 1979; by 1993 that number had soared to 16,221, more than a hundred times the earlier figure. In 1993, there were 170,000 applications for trademark registration annually in China, including more than 130,000 applications for new trademarks registration, among the highest number in the world. In addition, the Patent Law of China has greatly encouraged inventions and other creations in China, and has proved a magnet to patent

applications from other countries and regions. On April 1, 1985, the first day the Patent Law came into effect, 3,455 applications for patent rights were submitted. By the end of 1993, the Patent Office of China had handled over 360,000 applications for patent rights. Of those, 27.5 percent were for inventions, 62.8 percent for utility models, and 9.7 percent for exterior designs; domestic applications accounted for 86.4 percent, while 13.6 percent were applications from 70 countries and regions. By the end of 1993, 175,000 patents had been approved, including more than 20,000 invention patents, more than 130,000 utility model patents and over 20,000 exterior design patents.

### III. China Has a Complete Law Enforcement System for Intellectual Property Protection

China has formulated comprehensive intellectual property rights laws and regulations. Today, it is earnest and fair in executing these laws, and much has been accomplished in this regard.

These great achievements in the execution of the intellectual property rights protection laws and regulations are above all the product of comprehensive judicature and administration provided for in these same laws and regulations.

#### 1. China's judicial institutions for intellectual property protection.

In China, any citizen, legal person or organization entitled to intellectual property rights whose rights and interests have been infringed may bring a lawsuit to the people's court in accordance with the law and receive practical and effective judicial protection.

The people's courts exercise judicial power independently according to law, are subordinate only to the law itself, and are not subject to interference by any administrative organ, public organization or individual.

Earnest execution of the law is the core of the administration of justice. The judicial activities of a people's court are carried out on the basis of facts, and with the law providing the criterion. Cases are tried strictly in accordance with substantive and procedural laws. Cases are heard in an open court, and a collegial system, a challenge system, a system whereby the court of second instance is the court of last instance, and a trial supervision system are practised. Judicial work, in accordance with the law, is also subject to supervision by people's congresses and people's procuratorates at all levels and by the masses, so as to ensure openness, impartiality, and seriousness.

The establishment and fortification of the judicial organs for trying intellectual property rights cases and the optimization of the judicial system are important guarantees for the people's courts correctly to handle such cases and conscientiously to protect intellectual property rights according to law. In recognition of the specialized nature of intellectual property rights cases and the

advanced nature of the technology often involved, the higher people's courts in several provinces and municipalities directly under the central government such as Beijing, Shanghai, Guangdong, Fujian and Hainan have since 1992 established such intellectual property rights courts as their actual needs demand. The intermediate people's courts in all the special economic zones as well as Beijing and Shanghai have also established intellectual property rights courts. Intermediate people's courts in the capital cities of other provinces and autonomous regions and in municipalities have set up collegial panels specializing in cases involving intellectual property rights protection. In this manner the hearing of intellectual property rights cases is centralized with the advantageous results that unity in executing the law is ensured, experience in dealing with the law is amassed, and the quality of judicature in intellectual property rights cases is strengthened.

With the implementation of China's law on intellectual property protection and the increasing improvement of the judiciary's protective power, people's courts at various levels in China have accepted and decided a large number of civil disputes concerning intellectual property rights. A total of 3,505 cases concerning intellectual property rights disputes were accepted and handled by people's courts throughout the country from 1986 to the end of 1993, 1,168 of which concerned copyrights, 1,783 patents, and 554 trademark rights. The people's courts in accordance with the law defend the legitimate rights and interests of the foreign and domestic intellectual property rights holders through trying cases concerning intellectual property rights disputes. For example, the inventor of a new "technique for sinking piling using drill holes," brought a suit against the Beijing Subway Foundation Engineering Company to determine ownership of the patent on the invention. After trying the case, the Beijing Higher People's Court held that this invention was not a service invention as described by the Patent Law, so the patent right belonged to the inventor and not to his employer. In another example, Hong Kong's Sendon International Co., Ltd. brought suit against Shenzhen's Huada Electronics Co., Ltd. for trademark infringement. After hearing the case, the Shenzhen Intermediate People's Court ruled that the trademark "SENDON" was registered in China mainland by the plaintiff and should be protected by law. The defendant's use of the trademark "SENDON" on the same commodity sold by the plaintiff under that name constituted infringement on the rights to exclusive use of a registered trademark. The court decided that the defendant should pay the plaintiff 468,314.4 yuan in compensation.

Intellectual property rights are important civil rights. In civil infringement cases, the people's court is empowered to order the infringer to bear civil responsibility for the cessation of the infringement, for the elimination of any negative effects caused by his actions, for offering apologies, and for compensation for any losses in accordance with the law. Furthermore, it is empowered to confiscate

the infringer's illegal gains and/or adjudge the infringer to criminal detention or a fine.

If the infringement of intellectual property rights is so serious that it has disrupted the economic order and constitutes a crime, the infringer's criminal responsibility is investigated and dealt with according to law. When a people's procuratorate institutes prosecution for a criminal act of infringement, if the evidence is sufficient to prove that the defendant has counterfeited another's trademark or patent right and the case is so serious as to constitute a crime, the people's court shall promptly and precisely impose punishment in strict accordance with the law. Between 1992 and 1993, people's courts accepted 743 criminal cases for counterfeiting trademarks, of which 731 have been tried with 366 people being sentenced to fixed terms of imprisonment, criminal detention or other punishments. The People's Court of Zhongshan City in Guangdong Province in separate cases imposed fines on five persons directly responsible for counterfeiting the American Mobil Oil Corporation's trademark "MOBIL," further sentencing the defendants to fixed terms of imprisonment from one year to two and a half years. This amply demonstrates that the people's courts of China are resolute in their stand towards punishing criminals and safeguarding intellectual property rights.

According to China's Administrative Procedure Law, if a citizen, legal person or organization wishes to contest a judgement or order of an administrative department for intellectual property protection in a dispute concerning intellectual property rights and to initiate administrative procedure litigation, the people's court shall try the case and shall, in accordance with the law, make a decision to maintain, rescind, or alter it.

When a people's court tries a case arising from intellectual property rights involving foreign nationals, it acts in accordance with Chinese laws and relevant international conventions to which China is a party, adhering to the principle of equity and reciprocity. In this way, the court provides the solid legal guarantees necessary for expanding international economic, technological and cultural exchange and cooperation. The Shenzhen Intermediate People's Court accepted the American E.F. Houghton Company's suit against the Shenzhen Hailian Chemical Co., Ltd. for the latter's trademark violations. Investigation proved the defendant's infringement and held it responsible. The two parties negotiated a settlement through mediation. The defendant promptly stopped its acts of infringement, offered public apology to the plaintiff, and handed over 130,000 yuan as a compensation for the plaintiff's economic loss. The court, in addition, adjudged the defendant a civil sanction fine. Ten days passed from the court's acceptance of the case to its resolution, expeditious remedy much appreciated by the American plaintiff. In acknowledgement of this, the E.F. Houghton Company presented the court with a silk banner reading: "Chinese law is just; judges try cases expeditiously."



Over the past few years, in an effort to raise the level of the administration of justice, the people's courts have adopted a series of potent measures to improve their quality and efficiency in handling cases. In order to amplify their impact, the people's courts have selected typical cases and tried them publicly, conducting information campaigns through the various public media. Undeniable social effects have been achieved through the use of specific cases in the popularization of legal education and the dignity of the socialist legal system has been maintained.

## 2. Administrative channels for intellectual property protection in China.

In addition to judicature in accordance with international practices, China's system for the protection of intellectual property rights comprises the Patent Law, the Trademark Law, and the Copyright Law and other administrative channels designated in intellectual property laws, all proceeding from China's actual conditions.

Under the Patent Law, the competent authorities in the State Council and local people's governments have the right to establish patent offices. Today, China has more than 30 patent offices established by local governments and more than 20 patent offices established by various ministries and departments under the State Council. The State Copyright Administration and local copyright administrative organs have been established in accordance with the Copyright Law. Trademark administration calls for unified registration of trademarks by the central government and level-by-level administration by the various local governments. Trademark administrative departments under the administrative bureaus for industry and commerce have been established at the central, provincial, city, prefectural and county levels; below the county level, there are administrative offices for industry and commerce. Today, there are well over 7,000 full-time trademark administration personnel throughout China, in addition to 300,000 part-time personnel.

Chinese intellectual property rights administrative departments exercise their legally stipulated powers and functions to safeguard law and order within the field of intellectual property, encourage fair competition, mediate disputes, settle cases involving violations of intellectual property rights, and protect the interests of the broad masses of the people by maintaining a good social and economic environment.

In China the administrative procedures for solving disputes concerning intellectual property rights are simple and convenient. Cases can be quickly filed for official examination and possible prosecution, investigation follows promptly, and efficiency in handling the case is high. This is advantageous to the owners of the rights. The patent administrative organs in China always treat patent violation claims seriously and deal with them without delay in accordance with the law.

Since the Copyright Law was put into force, local administrative organs responsible for copyright affairs investigated and dealt with more than 150 cases involving pirated books and video products from June 1991 to the end of 1993. They have confiscated and destroyed the pirated goods and levied administrative sanctions on the infringers. In 1994, the Chinese Government has organized the departments concerned to launch an assault, investigating and dealing with the illegal duplication of laser discs and illegal reproduction of books. In April 1994 in Guangdong Province, the administrative departments in charge of copyrights, cultural affairs, broadcast, film and video-tapes, the administrative departments for industry and commerce, and public security departments took joint action to deal with the illegal duplication of laser discs. Subsequently, Shanghai, Jiangsu and Hunan also took actions to deal with these problems. These measures dealt a heavy blow to the production and selling of pirated products. Over this same period, relevant departments of the Chinese Government took steps to strengthen administration over the establishment of enterprises manufacturing compact discs and supervision over their production in accordance with the law.

The Trademark Law of China has been in effect for more than ten years. During this time, the administrative departments for industry and commerce have dealt with 130,000 cases of trademark violation and counterfeiting, including a number of particularly serious cases, e.g. Trademark violations or counterfeited trademarks for "Zhonghua" cigarettes, for "Forever," "Phoenix" and "Flying Pigeon" bicycles, for "Guizhou Maotai" wine, and for "Xingkaihe" ginseng. Effective protection was thus given to the lawful rights and interests of the registered trademark owners.

China's intellectual property rights administrative organs, in accordance with Chinese laws and relevant international treaties to which China is a party, adhering to the principle of equal treatment for nationals and non-nationals and reciprocity, give protection to foreigners' intellectual property rights in accordance with the law. For instance, the Zhejiang Provincial Patent Administration Office recently reached a just settlement in a complaint brought by a foreign plaintiff concerning unlicensed production of a cigarette lighter to which he held patent. The competent authorities ordered the factory concerned to cease all acts of infringement and compensate the foreigner for his losses. The State Copyright Administration investigated and then dealt with a series of cases in which a dozen odd arts and crafts factories in Fujian and Guangdong had manufactured pirated toys copying several foreign companies' toy designs, and a case in which an electronics enterprise in Jiangsu was illegally producing compact discs. Administrative departments for industry and commerce have investigated and dealt with 3,000 cases involving the counterfeiting and other violations of such foreign trademarks as TDK, Toshiba, Sony, IBM, 3M, ESSO, P&G, Head & Shoulders, Xiaotiancai, and Philips.

A large proportion of the cases concerning violations of foreigners' intellectual property rights were investigated and dealt with by China's intellectual property protection administrative offices on their own initiative, acting in accordance with their prescribed functions and powers.

China's administrative departments for industry and commerce have undertaken the responsibility of maintaining economic order and can make market investigations on their own initiative so as to effectively protect the rights of the registered trademark owners. Since 1988, administrative organs for industry and commerce at various levels in Guangdong Province have investigated and dealt with 301 cases concerning the violation of U.S.-owned trademarks. Out of these 301 cases, one third were filed by the American trademark owners, with the remaining cases being the product of market investigations by the administrative organs for industry and commerce or consumer complaints. China's intellectual property rights administrative offices are impartial, and firmly safeguard the lawful rights and interests of those who hold such rights. This has earned them praises from many foreign enterprises and joint ventures. Some of these companies presented the administrative departments for industry and commerce silk banners or gilt boards, bearing words of praise such as "upright and honest, firm as a rock in administering justice," "impartiality in enforcing the law, support right, eliminate wrong," "just settlement, protection of commerce," "strict and impartial justice, conqueror of fakes and frauds," and "strict and impartial in executing the law, consummate impartiality." They praised the personnel handling the cases as "conscientious in work and resolute in action," "such speed in handling a case is seldom encountered anywhere in the world," etc.

#### Concluding Remarks

As China implements its reform and opening to the outside world, it is changing with each passing day. Today more than a few international observers have come to the conclusion that in terms of intellectual property protection China has reached international advanced levels. China's backwardness in its intellectual property system is now a thing of the past.

However, there remain some naysayers in the world seemingly willfully blind to China's development and transformation who incognizant of present realities pass improper judgements on the nation's current situation regarding intellectual property protection. They allege that China has not yet established a "full and effective intellectual property system," and that China "lacks the ability to undertake international obligations." Such unfounded opinions do not bear argument; the truth speaks for itself.

Nonetheless, China cannot remain satisfied with the achievements it has already made. China is a developing country and still has much work towards optimizing its intellectual property system. This system in its modern

form was established only a short time ago, and as a result, awareness of intellectual property rights remains underdeveloped in society at large. In some regions and in some governmental departments there is insufficient appreciation of the importance of intellectual property protection. Some serious acts of infringement have violated not only the legitimate rights and interests of the holder of the intellectual property right, but also the dignity of the law. Accordingly, even as the nation continues to otherwise improve the intellectual property legal system, the State Council has drawn up Decisions on Further Strengthening the Protection of Intellectual Property. China is confident that the implementation of all the important measures contained in the Decisions will mark a great new step forward in the nation's efforts to ensure the protection of intellectual property rights.

China will continue actively to promote international cooperation in the field of intellectual property. China itself has received active assistance from the World Intellectual Property Organization and from others working in the field in establishing and fine-tuning its intellectual property rights protection system. The nation will, as in the past, actively join in the activities of relevant international organizations and fulfil the obligations described in the International Intellectual Property treaties and agreements. Operating on the basis of the Five Principles of Peaceful Coexistence and in accordance with the principle of equality and mutual benefit, China will continue to cooperate with the rest of the world's nations, working and making positive contributions towards the development and optimization of the international intellectual property system.

#### Underscores Importance of IPR

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GMT 16 Jun 94

[Text] Beijing, June 16 (XINHUA)—China has attached great importance to intellectual property protection and will spare no efforts in further raising its current level of intellectual property protection, according to a white paper issued by the Information Office of the State Council here today.

The white paper says, the Chinese Government holds that the intellectual property protection system plays a significant role in promoting progress in science and technology, enriching culture and developing the economy.

It functions both as an important institution ensuring the normal running of the socialist market economy and as one of the basic environments and conditions for conducting international exchange and cooperation in science, technology, economy and culture.

China considers the protection of intellectual property an important part of its policy of reform and opening to the outside world and of the building of its socialist legal system.



Beginning in the late 1970s, China has been formulating laws and regulations for intellectual property rights [IPR] protection, and has been participating in activities organized by the relevant international organizations aimed at strengthening international exchange and cooperation in the field of intellectual property rights.

From its inception, China's intellectual property rights protection system was directed towards the world and geared to high international standards.

Spurred on by its reform and opening up, China has carried on its intellectual property protection legislation at a speed never before known.

The white paper points out that since China joined the world intellectual property organization in June, 1980, it has gained accession to a number of international intellectual property right protection pacts, including the Paris Convention for the Protection of Industrial Property, the Treaty on Intellectual Property in Respect of Integrated Circuits, the Madrid Agreement for the International Registration of Trademarks, the Bern Convention for the Protection of Literary and Artistic Works, the Universal Copyright Convention, the Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms and the Patent Cooperation Treaty.

Meanwhile, China has adopted a series of laws and regulations in this regard which include the Trademark Law, the Patent Law, the Copyright Law and the Law on Combating Unfair Competition.

The basic framework for China's intellectual property rights protection legal system was completed for the most part in the 1980s, says the white paper. In the 1990s, international economic relations and the international economic environment have already undergone great changes. In November, 1990, multilateral trade negotiation in GATT's Uruguay Round produced a draft agreement on trade-related aspects of intellectual property rights. This signaled that a new international standard of intellectual property rights protection was taking form.

The Chinese Government actively participated in the negotiations and made unremitting efforts towards their final success. In order to meet the needs of the ever-wider opening up, China has consciously sought to fulfill its international obligation in intellectual property rights protection, endeavouring to bring its intellectual property protection level near the new international standards, and has taken many major measures to further raise its current level of intellectual property rights protection.

The Chinese Government's sincerity in its efforts to scrupulously abide by international conventions and bilateral agreements regarding the protection of intellectual property rights, its capacity to fully implement its international obligations have been appreciated and supported by world opinion.

The white paper notes that when reviewing the World Intellectual Property Organization's past 20 years of cooperation with China, Dr. Arpad Bogach, director-general of the organization, pointed out that "China had accomplished all this at a speed unmatched in the history of intellectual property rights protection."

The white paper says that as the intellectual property rights protection system has only comparatively recently been introduced in China, and some portion of the population has a rather incomplete understanding of intellectual property rights, China has spared no efforts in publicizing and providing education about the intellectual property protection legal system and in accelerating the training of professional personnel in this field. In China the promulgation of every intellectual property law was followed by widespread publicity through the media and distribution of large quantities of educational video-tapes and separate editions of the law.

In order to speed up the training of personnel in this field, the Chinese Government has, in close cooperation with related international organizations, sent people abroad to study or to attend training classes and seminars.

Together with the world intellectual property organization, China has held more than 30 training classes and seminars, with the attendance of over 3,000 people. Programs in intellectual property rights education and research have also been initiated at over 70 institutions of higher learning throughout the country, the white paper says.

#### 'High-Grade Legal System' Exists

OW1606042694 Beijing XINHUA in English 0410  
GMT 16 Jun 94

[Text] Beijing, June 16 (XINHUA)—The white paper issued today by the State Council's Information Office on intellectual property protection in China stresses that China has a high-grade legal system for intellectual property protection and that intellectual property is effectively protected in the country.

It cites concrete examples to prove the point, noting that the protection of the right to the exclusive use of registered trademarks has resulted in the rapid growth of the number of trademarks registered by Chinese and foreign businessmen in China.

By the end of 1993, the number of effective registered trademarks had exceeded 410,000. Of these, 350,000 were domestic, with the remaining 60,000 coming from 67 countries and regions, the white paper says.

Companies from the United States had only 122 trademarks registered in China before 1979; by 1993 that number had soared to 16,221, more than a hundred times the earlier figure, it adds.

In 1993, there were 170,000 applications for trademark registration in China, including more than 130,000

applications for new trademarks registration, among the highest number in the world.

The patent law has greatly encouraged inventions and other creations in China, and has proved to be a magnet to patent applications from other countries and regions. By the end of 1993, the patent office of China had handled over 360,000 applications for patent rights. Of those, domestic applications accounted for 86.4 percent, while 13.6 percent were applications from 70 countries and regions. By the end of 1993, 175,000 patents had been approved.

The white paper gives an account of China's laws on trademarks, patents, copyrights, technological contracts, and scientific and technological progress, as well as the relevant government decrees, rules and regulations.

The white paper notes that China, in accordance with its national conditions and the current tendencies in international development, has formulated and fine-tuned various laws and regulations on intellectual property protection, thereby constructing a socialist legal system for intellectual property protection with Chinese characteristics.

Meanwhile, says the white paper, the scope of the intellectual property rights (IPR) protected in China and the degree of protection afforded have gradually conformed with international practices.

Effective as of March 1983, the Trademark Law and the rules for its implementation set forth the principles of application, examination and registration in trademark registration procedures which are entirely identical with common international principles.

In 1993, the paper continues, China revised both its Trademark Law and the rules for its implementation and made them coincide completely with the requirements of GATT's agreement on Trade-Related Aspects of Intellectual Property Rights.

The Patent Law and the rules for its implementation came into effect in April 1985. The Standing Committee of the National People's Congress adopted an amendment to the law on September 4, 1992, which included important revisions. This marked the reaching of a new level of patent protection in China, says the white paper.

As regards the Copyright Law, the paper says, it protects computer software in addition to the copyright of written works, oral works, music, operas, quyi (folk art forms including ballad singing, story telling, comic dialogues, clapper talks, cross talks, etc), choreography, works of fine arts, photographs, films, TV programs, video tapes, engineering designs, product designs and their descriptions, maps, sketch maps and other graphic works.

China is among a select group of countries that have explicitly listed computer software as the object of protection by copyright laws, the paper says.

The Technological Contract Law and the Law on Scientific and Technological Progress, as well as a series of administrative regulations concerning intellectual property protection worked out by the State Council, together further optimize the nation's legal system for the protection of intellectual property rights, in the whole bringing the system close to and in coordination with international levels of protection.

The paper also says that China has a complete legal system for the protection of intellectual property rights. China's intellectual property law stipulates the legal responsibilities to be borne by anyone who violates the law, including civil liability, criminal liability and exposure to administrative sanctions, it adds.

#### Details Basic Position

OW1606044194 Beijing XINHUA in English 0414  
GMT 16 Jun 94

[Text] Beijing, June 16 (XINHUA)—China today published a 12,000-word white paper on its intellectual property protection.

Published by the Information Office under the State Council, the three-part white paper gives a detailed account of China's basic position and attitudes toward intellectual property protection, and a systematic introduction to its legislation and law enforcement in this regard and China's efforts in fulfilling its duties of international intellectual property protection.

The paper says that, as a whole, China, however, for a variety of historical reasons, began work on its intellectual property rights protection system at a comparatively late date.

After China started reform and opening to the outside world, it accelerated the process of establishing an intellectual property rights protection system in order to rapidly develop social productive forces, promote overall social progress, meet the needs of developing a socialist market economy and expedite China's entry into the world economy, says the paper.

According to the paper, since the end of the 1970s, China has done a tremendous amount of effective work in this field, covering in a little more than a dozen years a distance which took other developed countries scores of years, even a hundred years, establishing a relatively comprehensive legal system for the protection of intellectual property rights, thereby attracting worldwide attention for its achievements not only in establishing the system but also in enforcement.

The paper says that it is the Chinese Government's view that the intellectual property protection system plays a significant role in promoting progress in science and technology, enriching culture and developing the economy.

It adds that it functions both as an important institution ensuring the normal running of the socialist market



economy and as one of the basic environments and conditions for conducting international exchange and cooperation in science, technology, economy and culture.

China considers the protection of intellectual property an important part of its policy of reform and opening to the outside world and of the building of its socialist legal system, the paper says.

Since the initiation of the policy of reform and opening to the outside world, China has formulated a number of laws, such as those on trademark, patent, copyright and combating unfair competition, and has been actively involved in the activities of world intellectual property organization and other concerned international institutions and become member states of related international conventions.

When reviewing the World Intellectual Property Organization's past 20 years of cooperation with China, Dr. Arpad Bogach, director-general of the organization, pointed out that "China had accomplished all this at a speed unmatched in the history of intellectual property protection," the paper recalls.

In accordance with its national conditions and current tendencies in international development, China has formulated and fine-tuned various laws and regulations on intellectual property protection, thereby constructing a socialist legal system for intellectual property protection with Chinese characteristics, says the paper.

It concludes that the scope of the intellectual property rights protected in China and the degree of protection afforded have gradually conformed with international practices and the high degree of legal protection for intellectual property rights has been realized.

The white paper points out that China's Intellectual Property Law stipulates the legal responsibilities to be borne by anyone who violates the law, including civil liability, criminal liability and exposure to administrative sanctions.

The white paper says that with the implementation of intellectual property laws, intellectual property rights are effectively protected in China. These laws are also actively encouraging invention and other forms of creation and fair competition. For instance, the protection of the right to the exclusive use of registered trademarks has resulted in the rapid growth of the number of trademarks registered by Chinese and foreign businessmen in China. The Patent Law of China has greatly encouraged inventions and other creations in China, and has proved a magnet to patent applications from other countries and regions.

The third part of the white paper gives a presentation of the executive system on the protection of intellectual property rights, that is, the judicial as well as the administrative approaches to the protection of intellectual property rights.

In China, any citizen, legal person or any other organization may appeal to the people's court in accordance with the law upon infringement of their rights. They enjoy practical and effective judicial protection. The people's court exercises judicial authority independently. They submit only to law, without interference from any administrative organs, social organizations or individuals.

The white paper points out that in addition to judicature in accordance with international practices, China's system for the protection of intellectual property rights comprises the Patent Law, the Trademark Law, and the Copyright Law and other administrative channels designated in intellectual property laws, all proceeding from China's actual conditions.

For instance, since the Copyright Law was put into force in 1991 local administrative organs responsible for copyright affairs investigated and dealt with many cases involving pirated books and video products and illegal duplication of laser discs. They have confiscated and destroyed the pirated goods and levied administrative sanctions on the infringers.

A large proportion of the cases concerning violations of foreigners' intellectual property rights were investigated and dealt with by China's intellectual property protection administrative offices on their own initiative, acting in accordance with their prescribed functions and powers.

The white paper points out in the concluding remarks that more than a few international observers have come to the conclusion that in terms of intellectual property protection China has reached international advanced levels.

Nonetheless, China cannot remain satisfied with the achievements it has already made. China is a developing country and still has much work towards optimizing its intellectual property system. This system in its modern form was established only a short time ago, and as a result, awareness of intellectual property rights remains underdeveloped in society at large.

In some regions and in some governmental departments there is insufficient appreciation of the importance of intellectual property protection. Some serious acts of infringement have violated not only the legitimate rights and interests of the holder of the intellectual property right, but also the dignity of the law.

Accordingly, the State Council has drawn up decisions on further strengthening the protection of intellectual property. China is confident that the implementation of all the important measures contained in the decisions will mark a great new step forward in the nation's efforts to ensure the protection of intellectual property rights.

China will continue actively to promote international cooperation in the field of intellectual property and tries

to make positive contributions towards the development and optimization of the international intellectual property system.

**Officials Say Economy 'Better Than Expected'**

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[Text] Beijing, June 15 (XINHUA)—China's economy is expected to grow by about 12 percent in the first half of this year, making it easier for the country to achieve the 9-10 percent growth in 1994, government officials said here today.

"This will be much better than expected," said officials from the State Economic Commission (SEC) in an exclusive interview with XINHUA.

China's economy has been growing fast and steadily over the past months and remains sound thanks to effective price controls and further implementation of macro-economic regulation measures, the officials said.

Latest statistics indicate growth of retail commodity prices is falling and industrial production of state-owned enterprises going up. China's inflation rate was 18.9 percent in May over May last year, with the increase rate down 0.6 percent from the previous month.

The added value of Chinese industries totalled 619.6 billion yuan in the first five months this year, up 16 percent over the same period last year.

The officials also predicted a bumper harvest of summer crops, based on favorable weather condition and farmers' growing enthusiasm.

Government statistics show that investment by state enterprises was 204.4 billion yuan for the first five months this year, up 34.2 over the same period last year. The growth rate of these investments was down nearly 30 percent, with the number of new projects under control, and more money going into the key national projects, the SEC officials said.

The first five months saw steady growth in government income, 24.3 percent up over the same time last year, with the volume of taxes collected up by 22.6 percent.

Because of more state bonds issued and more bank savings, the country's banks withdrew more currency from circulation in the first five months. New bank savings in the five months amounted to 422.4 billion yuan, and a total of 8.5 billion yuan was withdrawn from circulation in May alone, the statistics showed.

The country's export growth outpaced the import growth, according to governmental figures. In the first five months, China's imports were 18.1 percent higher than in the same period last year, while exports jumped by 24.1 percent. The trade deficit in this period was down to 1.79 billion U.S. dollars.

The SEC officials called for continued efforts to rein in price rises, implement the macro-economic control measures, and maintain the balance of overall supply and demand.

They also warned that more attention should be paid to the rising gap between sales and industrial production, to promote the efficiency of industrial production. The proportion of output sold in this period was 92.38 percent of production—a ratio of 1.75 percentage points lower than in the same period last year.

The SEC believes that with such healthy trends continuing and the above problems solved, the planned 9-10 percent annual growth rate for the national economy is beyond doubt.

**Journal Views Commodity Price Inspection**

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["Special article" by Zou Xiangqun (6760 0686 5028):  
"Nationwide General Inspection of Commodity Prices:  
Results Scored, Further Efforts Needed"]

[Text] The excessive price increases since last winter and spring has caused concern among all social circles. The State Council made a timely decision on carrying out a nationwide general price inspection and this won the heartfelt support of the masses. The people hoped that the general price inspection would check the momentum of the price increases and urgently demanded that the relevant government departments take serious action against the practice of irregularly raising prices and charges in order to effectively advance reform, promote development, and maintain stability.

At present, the six price inspection teams which were sent to various parts of the country for nearly one month have returned to Beijing. This article will inform our readers about the major results of the general price inspection, the problems discovered by the inspection teams, and their opinions on the measures for the next step.

The main results: Along with the implementation of various control measures and the general price inspection, the rapid price raises throughout the whole country have begun to abate.

At present, the general price inspection has been going on in all parts of the country. Two-thirds of the 30 provinces, autonomous regions, and municipalities have achieved good or comparatively good results, which mainly find expression in the following:

—Enhancing the understanding of the necessity to exercise management and control over prices under the conditions of the market economy.

Since the beginning of this year, the leading comrades of the party central body and the State Council have repeatedly stressed the need to strengthen macrocontrol,



curb inflation, and maintain social stability. They have also criticized the one-sided and laissez-faire approach toward price management. This time, with the adoption of various measures for regularizing and controlling prices, a propaganda campaign was also organized by the propaganda department according to the instructions by the State Council leading comrades. Through giving publicity to the price control measures and organizationally implementing the measures on a large scale, the party and the government showed their sincerity and determination to the masses in effectively bringing the prices under control; this also caused the responsible people of the local governments to understand that price control was an important function of the government in economic management and made producers and dealers aware that one cannot do whatever one likes in the market economy. Thus, the general atmosphere for exercising price control in the market economy has basically taken shape and the laissez-faire condition prevalent since prices were decontrolled has been changed.

—Promoting the implementation of various measures formulated by the state for price control and management. It is learned that some provinces (autonomous regions and municipalities) have set up their own grain risk funds: Shanghai's amounted to 400 million yuan; 350 million yuan in Jiangsu; 250 million yuan in Guangdong; 303 million in Shaanxi; 100 million yuan in Heilongjiang; and 70 million yuan in Ningxia. At present, almost all state-owned and collective retail shops and institutions which charge service fees have clearly marked the prices of the goods and services they sell. Practices such as selling goods and services with clearly marked prices has also been adopted by increasing numbers of private enterprises and fixed stalls. In some areas with good results, the practice of selling goods and services with clearly marked prices accounted for 75 percent of all retailers. All provinces (autonomous regions and municipalities) have worked out their own measures for implementing the regulations laid down by the State Council for supervising the prices of daily necessities and basic services. Nine provinces and municipalities have announced such measures and put them into effect. Some provinces (autonomous regions and municipalities) included a number of additional categories in the scope of price supervision, such as vegetables, medicine, household electric appliances, commodity housing, haircutting and hairdressing, and public bathroom operations. Heilongjiang Province laid down rules for managing the prices of grain, cooking oil, and vegetables. Tianjin Municipality required that applications first be filed for increasing the prices of some medicines, vinegar, noodles, toilet paper, and matches. Guangdong Province's Price Control Authority formulated 11 sets of regulations for market prices, fees charged by administrative institutions, education fees, medical care fees, medicine prices, service fees charged by hotels and restaurants, the pricing practice in various trades, the antimonopoly and antifraud operations, and for the price adjustment fund. At present, the regulations

are being deliberated on or have been submitted to the upper authorities for approval. While decontrolling the vegetable and pork wholesale business, Shenzhen City exercises control over the differences between the buying and selling prices of the retailers; this not only guarantees the reasonable profits of those involved in the transactions but also protects the interests of both producers and consumers. The Shanghai Municipal Price Control Authority formulated and implemented the "Interim Regulations on Prohibiting Price Fraud and Profiteering" and the "Rules for Awarding Penalties to Profiteers in the Entertainment, Catering, Clothing, and Mechanical and Electric Appliances Trades." They explicitly stipulate that those who raise the prices of the goods and services by 50 percent to 150 percent over the normal price level fixed by the price control authority will be regarded as profiteers and will be punished for their profiteering activities.

In the month after the rules and regulations came into force on a trial basis, definite results were achieved in checking profiteering behavior and protecting the interests of consumers. In order to stabilize prices, Jilin Province, Tianjin Municipality, and Wuhan City decided that no price adjustment would be made this year; Dalian City postponed the planned adjustment of gas fees, water fees, and school fees. Many cities paid attention to the supply of food and intensified market construction and management. Practice showed that general price inspections create favorable conditions for the implementation of the price control measures and the implementation of the price control measures provide policy foundations for the price inspections and promote the in-depth development of the inspections.

—Handling a number of lawbreaking cases in the aspect of prices. In the general inspection, the various localities mainly examined the illegal practice of directly violating the regulations on prices, the rates of price difference, and the fee standards of goods and services fixed by the state; the behavior of some retailers who do not mark the prices clearly; and the irregular practice of adding the 17- or 13-percent value-added taxes to the commodity prices or raising prices on a wide scope and by a big margin. According to statistics in 19 provinces (autonomous regions, municipalities), between 10 March and 15 April, they discovered and handled 61,384 cases of violating the price regulations and the total money involved in these cases amounted to 53.89 million yuan; 47,397 of these cases were handled and the fines imposed on the people and institutions involved in these cases amounted to 27.9959 million yuan. Of the cases discovered in the general price inspection, 20,345 were related to the prices of people's daily necessities; 471 cases were related to the prices of production materials being dealt with in a monopolistic way; 672 cases were related to the prices of agricultural production materials; 1,139 cases were related to the prices of public utilities; and 1,257 cases were related to fees charged by administrative institutions. Various localities made

great efforts to inspect the prices of grain, cooking oil, and other consumer goods and basic services closely related to the people's livelihood. In Heilongjiang Province, the inspection was personally directed by the vice governor of the province who took charge plus the participation of three deputy secretaries general of the provincial government and the leading cadres of the price control authority.

They inspected the prices of grain in the links of processing, wholesale, and retail and discovered, and solved in a timely fashion, the problem of insufficient supply in the main channel. They also laid down a price ceiling policy and rapidly stabilized the prices of grain and cooking oil in just a number of days. Liaoning Province dispatched 756 people to examine the grain prices and check a new round of price raises. In particular, Shenyang City imposed fines on more than 10 grain shops which sold grain at prices higher than those fixed by the government and seriously criticized some grain shops which tried to hoard goods to making higher profits. These actions checked the panic buying phenomena in some areas and stabilized the mass psychology. Actions were taken to check the irregular practice of raising the prices of salt in Dandong, Liaoning, of medicine in Shiyang, Hubei, and of gas in Guangzhou. The price inspections effectively checked the tendency toward irregular increases of prices and service charges. Various localities in particular made public a number of typical and serious cases which had produced widespread evil impact and the handling of such cases was reported by the mass media. So far, 1,224 cases of violating the price control laws and regulations have been handled publicly throughout the whole country. This played a role in warning and deterring those involved in the illegal activities, supporting the grass-roots price inspectors, and promoting the development of the general price inspection.

—Prompting producers and business dealers to pay attention to their internal price management. According to the arrangements by the local authorities, many enterprises carried out self-examination and self-correction and took the initiative in correcting their own behavior in fixing prices. On 12 March, Dianmen Food Market in Beijing and 99 other institutions named as being the best units in abiding by the state's price and measurement regulations and policies, jointly published their proposal on maintaining the market stability in RENMIN RIBAO. They called on all the state-owned commercial institutions to play a leading role in restraining price increases in the market, boycotting inferior and counterfeit commodities, and effectively guaranteeing the interests of consumers. Shandong Province required all commercial enterprises to name their own price inspectors and adopt five management systems (the bookkeeping system, the decisionmaking system, the system for marking clearly prices for goods and services, the system of regular price examinations, and the system of market investigations), thus perfecting

the self-discipline mechanism with regard to commodity prices. Wuhan City's Zhongnan Commercial Building carried out across-the-board examination of clearly marking prices for all the commodities it sold and imposed fines on those who bore direct responsibility for not marking prices or marking wrong prices. The fines ranged from 20 to over 1,000 yuan. The People's Market in Shijiazhuang City, Hebei Province, began to sell goods popular with customers at lower profit rates in April and played a leading role in restraining the market prices from increasing.

Because of the gradual implementation of the price control measures and the general price inspection, the excessive price increases throughout the whole country have been restrained. In March, the national retail price index rose by a margin of 0.7 of a percentage point lower than in February; the monthly increase rate was 0.7 percent, or 2.4 percentage points lower than that in February.

**The prominent problems:** The price situation remains serious and prices in some fields remain out of control. Some people still do not fully understand the necessity to strengthen price management. There remain substantial difficulties and obstructions in the handling of cases of violating price management regulations. The price control institutions and personnel are not sufficiently stable.

The state the nationwide general price inspection and the situation in the macroeconomic operations showed that the present price situation is not a favorable one and the actual implementation of various price control measures, and the conduct of the general price inspection, still require unremitting efforts. At present, the prominent problems in price control and inspection are as follows:

1. The price situation remains serious. This is manifested by the fact that prices are still increasing at a high rate; retail prices are still increasing; and, in particular, the prices of basic consumer goods and services in people's daily lives and the prices of basic production materials are increasing at a rate higher than the average. In the first quarter of this year, the price indexes of the 15 categories of commodities (including grain, meat, poultry, eggs, aquatic products, and vegetables) all showed increases to differing degrees. A noteworthy fact is that, since March, the prices of grain and cooking oil in some provinces and autonomous regions have risen again. The price indexes in both the urban and rural areas rose at the same time. In some rural areas, prices rose by a bigger margin than in the urban areas. The differences between the rates of increase in the urban and rural areas were only 0.1, 1.4, and 0.4 percentage points. [sentence and percentages as published]

In short, it is still rather difficult to bring the rate of price increases within the target scope of the control. The main reasons are: First, demand remains too strong and continues to pull up the prices and some departments and localities are seeking an unrealistically high rate of



growth and are blindly expanding the size of investment and increasing the consumption fund. This caused the excessive issuance of currency for the past several consecutive years, caused the potential inflation pressure, and brought about a strong demand-led pulling force applied to the commodity prices on the market. Second, the accumulated costs were released in a larger quantity and this also pushed up the prices. In the last few years, the prices of many basic products and basic facilities were decontrolled and this increased the costs of the downstream products. The higher degree of the economy's market orientation also raised the prices of land, capital, and labor by larger margins and this also directly increased the costs of the enterprises' investment, production, and trade. Such accumulated costs are being turned into a force to push up the commodity prices in the currently brisk market. Third, the momentum of spontaneous price increases became stronger. After the prices of most commodities were decontrolled there was no effective means for controlling and regulating the market prices. Since the beginning of this year, some enterprises took advantage of the reform of the tax system and the foreign exchange system to raise the prices of their products and the prices of the goods they sold. This increased the impact of the spontaneous price increases.

2. Some local government leaders do not fully understand the necessity and urgency of controlling price increases, do not adopt effective price control measures, and do not act according to the requirements of the central authorities. This found expression in the following. First, they are not fully aware of the seriousness of the current situation in which prices are continuing to increase at a high rate. Second, they are setting the task of controlling the price increases against the task of economic development. Third, they think that they might suffer losses if they control the prices and might gain benefits if they allow prices to go freely. Fourth, they shift the responsibility for price control to the central authorities. And fifth, they lack confidence in achieving the goal of keeping the rate of price increase within 10 percent this year. Because there were differences between their thinking and the requirements of the central authorities, the localities made slow progress in establishing the grain risk funds, the food price regulation funds, and the reserves system for important materials; failed to adopt effective measures to control prices; and they even continued to adopt new plans and measures for raising the charges of various public utilities.

3. The circulation order was disrupted and prices in some fields went out of control. In the course of transforming their management and operation mechanisms, some state-owned commercial and trade enterprises neglected the social effects of their behavior, failing to play the role as the main channel in the field of circulation. In particular, after the prices of most commodities were decontrolled, and because the economic means and the legal means were imperfect to a serious degree, prices in some fields went out of control and the phenomena of

price regulations violations became very serious. Some typical actions were as follows: Some grain shops sold grain and cooking oil at prices higher than the prices fixed by the state. Some enterprises produced chemical fertilizer, steel products, and other production materials and sold their products at high prices. Some enterprises took advantage of the reform of the tax system to include the value-added taxes in the prices of the commodities they sold, thus raising the commodity prices. Some medical, educational, postal and telecommunications, and rural electric power institutions charged irregular fees. The price differences in the intermediary links of the circulation of some farm products and some daily-use industrial goods were too large and, as a result, both producers and consumers suffered losses, while dealers in the intermediary links earned handsome profits. Some private garment shop owners and food stall owners cheated their customers by selling their goods at high prices in order to profiteer. All these things not only harmed the interests of the consumers but also aggravated the unfairness in the field of wealth distribution and disrupted the economic order.

4. The general price inspection developed unevenly and the actions against the cases of violating the price management regulations encountered great difficulties and obstructions. Some local government leaders did not attach importance to the work in this regard. They only relayed the instructions of the upper authorities but did not take concrete action to implement such instructions and did not include the general price inspection in the work schedule of the governments. Some local governments did not lay down explicit targets and requirements for the price inspection and did not make concrete arrangements by the end of March. Some localities did not take effective price control measures while carrying out the price inspection and did not work out concrete and feasible steps for implementing the price control measures laid down by the State Council. Some localities did not create a public opinion environment to support the general inspection and to check the behavior of raising prices and imposing charges irregularly. Because of the backwardness of the legislative process and the indistinct policies, plus the weakness of the inspection means and the lack of mandatory measures, the handling of the cases of violating the price management regulations encountered great difficulties and obstructions. In just over one month after the beginning of the general price inspection, there were six cases of attacking and beating up price inspectors who were performing their official duties.

In addition, some local price management institutions were unstable and there was high personnel turnover in those institutions. This also weakened the price management and affected the effectiveness of the price supervision and inspection.

The task for the next step is to further implement the price control measures on the basis of unifying the thinking, lay stress on the key points of inspection, quicken the pace of

legislation concerning price management, and strive to achieve marked results in the field of price management.

In March this year, when listening to the report about the price situation, General Secretary Jiang Zemin said: Keeping prices stable is the key to the proper handling of the relationship between reform, development, and stability. In the final analysis, it is now necessary to resolutely and effectively curb inflation. Premier Li Peng, Vice Premier Zhu Rongji, and Vice Premier Zou Jiahua also stressed many times that curbing inflation and strengthening price control is the key task in the economic work at the present stage. Responsible people of all localities and departments should enhance their consciousness and unify their thinking in line with this requirement, overcome various one-sided viewpoints, and maintain the same position as the party central leading body. The local and departmental interests should give way to the overall national interests. In the economic work, importance must be attached to curbing inflation and stabilizing market prices. It is necessary to suppress the upward tendency of inflation by every possible means and strive to keep the increase rate of the general retail price index within 10 percent. This was a decision made by the party central leading body and the State Council and was approved by the National People's Congress. All localities must resolutely carry it out and adopt effective measures to achieve good results in the field of price management.

Carrying out the nationwide general price inspection was a major measure adopted by the State Council for stabilizing the overall situation. The leading comrades of the State Council set forth five criteria for judging the effectiveness of the general price inspection. We should meet the five criteria in the whole process of the general price inspection. In the next step of the price inspection, the concrete objectives are as follows: 1. To see whether or not the state's price control measures have really been implemented, the concrete measures, such as those for supervising prices and ensuring that the prices are marked clearly, have been properly carried out, and whether or not the grain risk funds and the food price regulation funds have been set up.

2. To see whether or not the malpractice of irregular price increases and irregular charges in the localities has been effectively checked, the action of taking advantage of reforms to raise prices has been corrected, and whether or not the cases of violating the price management regulations have been properly handled. 3. To see whether or not both positive and negative cases have been made public and whether or not public opinion has further played a role in supervising prices. 4. To see whether or not producers and dealers have a stronger sense of abiding by the laws and regulations with regard to prices and have adopted more effective self-discipline measures. 5. To see whether or not the momentum of excessive price increases has abated and the rate of price increase has declined somewhat. All localities should adopt effective measures in the light of such requirements and strive to achieve solid results.

It is necessary to organize special inspections on the key categories of goods which raised the general price level most seriously and on the key items about which the masses complained most strongly. In the whole country, it is first necessary to guarantee the stability of the prices of grain, cooking oil, and other daily necessities. All localities should regularly examine the prices of grain and cooking oil and see whether they are above the price level fixed by the State Council and the local governments at all levels. It is necessary to see whether or not such management and supervisory measures as submitting the plans for adjusting the prices of other basic daily-use goods to the authorities concerned for approval and record and controlling the price differences (profit margins) in the dealings of such goods, are properly carried out, whether or not the action of taking advantage of the reform of the tax system and the foreign exchange system to raise commodity prices has been corrected, and whether or not the grain risk funds and the food price adjustment funds have been set up. At the same time, in view of the fact that the price of cotton is rising sharply, it is necessary to inspect various links in the purchase and supply of cotton. Second, it is necessary to inspect the prices of chemical fertilizer, diesel oil for farming purposes, electricity for farming purposes, steel products, coal, and petroleum products and to see whether or not the prices of such materials have been raised in violation of the relevant regulations. Third, it is necessary to see whether or not the basic service charges, including the prices of coal, gas, LP gas, rents, water, electricity, local bus services, and local public telephone services have been raised in violation of the relevant regulations. Various provinces (autonomous regions and municipalities) can increase the items of inspection in the light of their specific conditions. In the course of inspecting the key items, a number of cases of violating the price management regulations should be handled publicly.

It is necessary to quicken the process of legislation with regard to price management, draft the "Price Law" as soon as possible, formulate the antimonopoly, antiprofitteering, antifraud laws and regulations, regularize various pricing behaviors, and begin to draft the "Price Supervision and Inspection Regulations." Before the national laws and regulations for price management are officially promulgated, various localities should be encouraged to formulate their local regulations in the light of their specific conditions and their successful experience should be summed up and introduced to other parts of the country.

It is necessary to maintain the stability of the price control institutions and their personnel and to make necessary manpower and material replenishment to such institutions. The means of inspection should be strengthened. Propaganda and public opinion should also be further strengthened and public opinion should play a more effective role in supervising prices.

In order to further advance the general price inspection, it is necessary to stress the need to exercise more



effective leadership, to carry out closer cooperation between different departments, and to remove disturbances and obstructions. The governments at all levels should attach great importance to the general price inspection, include it their work schedules, assign principal leaders to personally take up this matter, and assign special officials to take charge of the inspection by making across-the-board arrangements and ensuring the implementation of the concrete steps. Problems arising in the work should be resolved in a timely fashion. Various departments should conscientiously implement the spirit of the relevant documents issued by the State Council and the spirit of the telephone conference on the nationwide general price inspection. The financial departments should guarantee the working funds for dealing with the cases in the price inspection; the financial and tax departments should improve the scheme for reforming the tax system and join hands with the price control department in properly resolving the price problems caused by the additional tax burdens for a small number of enterprises. The banks should help the price inspection organs to execute their decisions by debiting the accounts of the institutions and individuals who refuse to pay the fines for their violations of the price management regulations. The industrial and commercial administrative organs should prompt private enterprises, individually-run businesses, and stall owners in the fairs to clearly mark the prices of the goods they sell and should support the execution of the decisions of the price control organs on suspending the business licenses of those shops which are found violating the price regulations. The technical supervision organs should intensify the inspection of the measuring tools and the quality of the goods and resolutely punish those who sell inferior goods at high prices, give short measure, and raise prices irregularly in various forms. The public security organs should take measures to protect the personal safety of the price inspectors when they are performing their official duties. The supervision department should take administrative disciplinary action against officials who shield the misconduct of violating the price regulations. The grain supply organs should properly handle the purchase, transportation, and storage of grain in order to guarantee grain supplies in all localities. The commercial department should guarantee the supply of the people's daily necessities on the markets.

#### **Government To Tighten Control Over Futures Market**

*OW1506165694 Beijing XINHUA in English 1519  
GMT 15 Jun 94*

[Text] Tianjin, June 15 (XINHUA)—Liu Hongru, vice-chairman of the Securities Committee under the State Council, said here today that China must create stable growth for the futures market through experiment and tightening control measures.

At a forum on the management and supervision of futures markets in the country, Liu said that at present,

the conditions for China to promote all-round development of the futures market are not ripe.

More than 40 futures markets have been set up in China over the past few years. There are also more than 300 futures trading companies approved by local authorities.

Liu said that some of the futures markets and futures trading companies operate in line with the standards of the international market and a few futures exchanges have produced effects on the formation of the prices in China's production and circulation sectors.

He said that the development of the futures exchanges has also met many problems such as exceeding the allowable number of exchanges and nonstandard operation of some futures exchanges.

These problems not only impede the positive function of the futures market, but also affect the implementation of the state's macro control policies and social stability, he said.

He pointed out that the development of futures markets requires some conditions, involving law and regulations, personnel, business experiences and people's concepts of risk factors.

The market environment and market mechanism for futures exchanges also call for improvement.

Liu said that the State has to enhance the management and supervision of futures markets.

The State Council recently approved the Securities Committee's circular on stopping the tendency of blind development of futures markets, which demanded that local governments rectify futures markets and exchanges.

The circular stressed implementing special measures over the futures abroad and dealing with illegal futures trading.

The circular said that local governments and all central departments should cease to approve setting up new futures exchanges.

No agencies are permitted to engage in futures trading of renminbi (Chinese currency) and foreign currencies.

Liu noted that the state enterprises and institutions taking part in futures exchange must be under strict control.

The officials of provincial securities management departments and specialists attended the forum.

#### **Government Outlines Industrial Policies for 1990s**

*OW1606101594 Beijing XINHUA in English 1006  
GMT 16 Jun 94*

[Text] Beijing, June 16 (XINHUA)—China has issued a set of industrial policies to guide the development of key

economic sectors in the last few years of the 20th century, a senior government official announced here today.

Under the policies, China will, through industrial restructuring, pinpoint the development of agriculture, infrastructure and basic industries, electronics and machinery, petroleum and petro-chemicals, trade, as well as the auto and building industries, said Ye Qing, vice-minister of the State Planning Commission, at a press conference.

Ye said that the "framework of national industrial policy in the 1990s (FNIP)", worked out by the State Council, China's highest governing body, laid down important policies on the direction and targets of the country's structural adjustment in the 1990s.

He said China encourages direct foreign investment in infrastructure and basic industries. Investors in the transport sector are expected to be given first priority in developing real estate along the facilities they build.

To promote trigger industries, China will increase input into technological advancement in electronics and machinery, oil and petro-chemicals, automobile and building industries. Those sectors will also enjoy priority in issuing bonds and shares, Ye said.

China will also readjust import tariffs in accordance with the industrial policies to boost foreign trade, he said.

Under the just-issued policies, the vice-minister said, China will also rationalize the industrial organization, promote technological upgrading, adjust economic location, continue to develop service sectors, and accelerate the growth of hi-tech industries.

According to Ye, the State Council will, in the near future, spell out specific policies for such infrastructure and key industries as transport, telecommunications, construction, electronics and machinery, petro-chemical industry, foreign trade, foreign investment and technology, so as to speed up development of those sectors.

#### **New Automobile Industry Policy Put Into Effect**

OW1606085094 Beijing XINHUA in English 0839  
GMT 16 Jun 94

[Text] Beijing, June 16 (XINHUA)—China's new automobile industry policy has been approved and put into operation by the State Council, according to Ye Qing, vice-minister of the State Planning Commission.

At a press conference held today by the Information Office of the State Council, Ye said that the new automobile industry policy especially encourages enterprise annexation and auto parts production.

He said that after 40 years' development, China's auto industry had made great achievements.

But with the progress of China's drive to reform and open to the world, and the country's fast economic

development, the auto industry had been increasingly suffering from a number of defects, he said, adding that the main ones include the decentralized layout of factories, small scale of production, low technological level, and repeated imports of foreign technology.

He said that in the coming few years China will restructure the layout of the auto industry, try to establish a number of trans-provincial auto centers with reasonable output capability, through market competition. By the year 2000, some three auto-making giants will be set up, he disclosed.

To raise the overall level of China's auto industry, he said, China will pay great attention to the production of auto parts, especially key parts for cars.

Foreign businessmen are welcome to cooperate with China in this field, and preferential policies will be provided for auto parts producers.

Sources from the Ministry of Machinery Industry said that China has already selected more than 20 key parts for cars to enjoy the government's special support, including preferential policies and policy-oriented loans.

China also encourages auto parts enterprises to introduce foreign technology and funds, in a bid to promote their product level and development capability.

The auto industry is one of China's industries with the fastest development speed. In the past few years it maintained an annual average increase of over 20 percent. Last year China produced a total of 1.34 million automobiles, and this year's output is predicted to exceed the figure.

#### **Beijing Blocks Foreign Investment in Auto Plants**

HK1606064794 Hong Kong AFP in English 0621 GMT  
16 June 94

[By Tiffany Brown]

[Text] Beijing, June 16 (AFP)—China underlined Thursday its commitment to protecting its fledgling car industry from foreign competition by issuing a policy paper blocking overseas investment in assembly plants until 1996.

"Under the industrial policy, until the end of 1995, no projects domestic or foreign involving the making of whole cars will be approved," while restrictions on imports will continue, the vice minister of the State Planning Commission, Ye Qing, told reporters.

Foreign companies will instead be encouraged to invest in factories producing components and spare parts to promote the backward sector's technological upgrading. Ye quoted the Industrial Policy for the Automobile Industry, issued by the State Council, as stipulating.

"We welcome extensive cooperation with foreign partners in the sphere of component parts," the official said,



revealing that any companies involved in successful projects in this sphere would be given priority when China freed up restrictions on assembly plants after 1996.

The extent of such liberalisation would depend on China's economic development and the market demand for family cars at that time, he said, defending the moves by saying the domestic industry remained in its "infant stage" despite 30 years of development.

The new policy also outlines moves to rationalise and upgrade technological levels in the sector, while encouraging localisation of component purchasing by offering preferential treatment to factories buying more than 60 percent of their parts domestically within three years, Ye said.

Rationalisation is to focus on restructuring the country's 120 scattered, small-scale car plants into bigger groups producing better quality vehicles, of which most are to be family cars, he said.

The country's 1.18 billion people now own only 8.3 million cars, with family vehicles accounting for only small proportion of China's auto output of 1.18 million units last year.

"By 1996, we will satisfy 90 percent of the domestic market demand and over half of auto output will be cars," he said.

By 2000, basic restructuring of plants into "three big and three small" conglomerates would be complete, with the three major groups "accounting for the majority of sales on China's domestic market," he said.

Ye said the three groups—which reports say are to produce five million cars by 2000—would be centred around plants in northeastern Changchun, Shanghai and central Wuhan that have joint ventures with Germany's Volkswagen-Audi, Volkswagen and France's Citroen respectively.

Although he did not explain how the restructuring would affect other existing foreign-funded car assembly projects in China, foreign carmakers here played down the implications of the policy paper.

Most major international players are already manufacturing cars here, they said, adding they were now stepping up involvement in projects making components and establishing links with key members of the "big three" to ensure their position in China after 1996.

Of greater concern to foreign manufacturers are the continuing restrictions on imports. Foreign cars now face import tariffs of 150 percent.

The Industrial Policy for the Automobile Industry was the first of a series of specific policy statement due to be issued under the Framework of National Industrial Policy for the 1990s, also released by the State Council recently.

Other policy papers are to include such sectors as transportation, telecommunications, construction, electronics and machinery, petrochemical, foreign trade, foreign investment and technology, Ye said.

#### State Flood Headquarters Issues First 1994 Bulletin

OW1606114194 Beijing XINHUA Domestic Service in Chinese 0832 GMT 16 June 94

[Text] Beijing, 16 Jun (XINHUA)— The general office of the State Flood Control and Drought Relief Headquarters today issued this year's flood bulletin No. 1. The bulletin said: Since the arrival of flood season south of the lower reaches of the Chang Jiang, the Min Jiang in Fujian and the Xi Jiang in Guangxi were hit by relatively bigger floods; torrential rains and flooding occurred in parts of such provinces as Jiangxi, Guangdong, Fujian, Zhejiang, and Hunan; and major rock-falling disasters occurred in Wulong County, Sichuan, resulting in rather serious economic losses. Water situations in other rivers, streams, and lakes are basically stable.

The bulletin said: A stable rain belt which was formed by the mutual effect of warm and cold air, and which has persisted since 12 June from the northern part of southern China to the southern part of areas situated to the south of the lower reaches of the Chang Jiang, has successively caused flooding in the Xi Jiang in Guangxi and the Bei Jiang in Guangdong. At 1400 and 2100 [0600 and 1300 GMT] on 15 June, flood waters moving at 10,100 cubic meters [m] per second and 10,050 cubic m per second successively hit the Rong Jiang and the Long Jiang, tributaries of the Xi Jiang. After these two streams of flood waters converged and entered the Liu Jiang, a flood crest was observed at the Liuzhou Station along the Liu Jiang at 0600 today. The crest, with a water level reaching 88.53 m and a flow capacity of 25,000 cubic m per second, was the third biggest flood water recorded since the founding of the PRC. Our preliminary understanding is that Liuzhou City and Prefecture were partly flooded, with flood water levels generally reaching 2-3 m, and two people were reported dead at the time this news dispatch was sent. At 1000 today, water level measured at the Liuzhou Station along the Liu Jiang had dropped to 88.45 m. However, moderate to torrential rainfall would persist in the Xi Jiang reaches, with heavy rains falling in part of those areas. It is estimated that the flooding would possibly continue for some time.

Following the natural disaster, the Guangxi Zhuang Autonomous Regional party committee and people's government immediately convened an emergency meeting to arrange flood fighting and emergency measures. The general office of the State Flood Control and Drought Relief Headquarters also sent specially designated personnel to Guangxi to aid in flood fighting and relief work.

Since early June, scarce rainfall has continued to cause drought in most of northern China, the western regions of northeast China, and the provinces and autonomous

regions of Shandong, Ningxia, and Qinghai. Statistics compiled by the end of 14 June showed that an area totaling 12.87 million hectares in the nation was hit by drought. The Inner Mongolia Autonomous Region, Hebei Province, and Shandong Province each had over 2 million hectares of areas hit by drought.

#### **Tax Breaks for State Firms To Hold Down Food Prices**

HK1606042194 Hong Kong HONGKONG STANDARD  
in English 16 Jun 94 p 7

[By Cary Huang and Amy Liu]

[Excerpt] China decided to grant a tax holiday for state-run firms involved in grain wholesales in a move to curb inflation fuelled by price rises on staple foods in recent months.

The tax exemption which was begun early this month would last until the end of next year, according to an internal circular issued by the State Council, China's cabinet.

The circular said state-run wholesalers responsible for sales of grain and edible oil to urban residents, military units and farmers would be exempted from various taxes including corporate tax and value-added tax during the holiday.

State-run wholesalers for fodder are also granted the preferential treatment, Chinese sources quoted the document as saying.

The move was the latest effort by the government to combat inflation which has risen above 20 percent in major Chinese cities in the past few months.

The spiralling prices have become a matter of great concern to the leadership, which is worried that they may prompt social unrest.

Inflation and rampant corruption were said to be major factors behind the student-led protests in 1989 which ended with the bloody military crackdown in Tiananmen Square.

Meanwhile, sources said the government's pledge of intensive action to boost agriculture was in vain since local governments and most central ministries were reluctant to implement the policies.

Despite food production goals laid out by the State Council earlier this year, no concrete measures were actually in place, a Chinese economic source said yesterday.

Beijing's plans involve pumping an additional 1.9 billion yuan (HK\$1.69 billion) into the agricultural sector—but only a trickle of the amount has been placed.

Beijing also planned to import great quantities of chemical fertiliser and pesticides this year, but just a small portion of the quota had been fulfilled so far, sources said. [passage omitted]

#### **Minister Views Cash Crop Production Bases**

HK1506130194 Beijing RENMIN RIBAO in Chinese 8 Jun 94 p 5

[By Chen Yaobang, vice minister of the State Planning Commission: "Intensify Efforts To Build Cash Crop Production Bases"]

#### **[Text] Achievements of Last Decade**

From 1983 onward, the central and local authorities began to choose counties with favorable natural conditions and greater grain output potential from among the 11 provinces (regions) of Jiangsu, Anhui, Henan, Hunan, Hubei, Jiangxi, Jilin, Heilongjiang, Liaoning, Inner Mongolia, and Guangdong to launch a pilot program of establishing cash crop bases there. They found 60 such counties, made joint investment in the pilot programs, and scored outstanding results. By 1992, the state had invested and built 362 cash crop bases, 144 quality-cotton production county bases (farms), five sugar production county bases, and 261 good oil-bearing crop, fruit, vegetable, tea, and flower production bases; and 329 famous, special, and superior farm products, plus hundreds of livestock-related and aquatic products had also been developed. Beginning in 1993, they made arrangements to establish another 117 cash crop production bases, 33 quality-cotton production county bases, and 12 sugar production bases.

The development of cash crop production bases is a key measure in raising comprehensive agricultural production capacity more quickly.

First, it has improved agricultural production conditions, strengthened the technological base for agriculture, improved the quality of agricultural products, and saved and retrieved a large number of rare and valuable agricultural items. Cash crop production bases have vigorously promoted good crop strains and advanced and practical cultivation techniques. Now, both grains and cotton are improving in quality and cultivation areas for good strains of rice, wheat, rape, and tea have increased.

Second, they have increased market varieties and raised agricultural returns. Cash crop production bases, especially those specialized in famous, special, or superior farm products, concentrated on products in high domestic demand and competitive on international markets and gave them priority. Many of these products have filled the gaps in domestic markets. Superior farm products required by many of the country's high-standard guesthouses and hotels, such as lemons, Chinese plums, cherries, longan, and lochee, are now being supplied by cash crop production bases. The development of a group of modern farm product processing



enterprises has greatly boosted the storage, transport, and packing capacity of farm products, reduced their perishability, and raised the post-production processing standards.

#### Some Basic Experiences

We have gained a great deal of experience in the decade-long development of cash crop production base, which can be summed up as follows:

1. To overcome the problem of diffused investment, counties have become the investment bases, while projects are jointly financed by the central and local governments and peasants. Cash crop base investment ratio between the central and local governments in the Sixth Five-Year Plan was 1:1 but in practice it came to 1:1.36. The Seventh Five-Year Plan maintained central-local joint investment and, furthermore, opened financing to a variety of channels and methods, further stimulating enthusiasm for building cash crop bases. During the Seventh Five-Year Plan, the local authorities invested 150 million yuan in developing famous, special, and superior farm products versus the 68 million yuan injected by central government, more than twice the central amount.

2. Central planning and a full role for regional advantages. Cash crop production bases in our country have assumed a basic pattern which will greatly help the progress toward specialization and regionalization. There are about 500 large counties across the country currently producing over 75 million kg of commercial grain, with another 479 counties under construction; and 300 counties boasting 100,000 mu of cotton-producing areas and producing over 100,000 dan of cotton, with a further 177 under construction which will also be producing famous, special, and superior farm products.

3. The construction combined long-term and short-term plans, highlighted key areas, and focused on infrastructure projects which had a direct bearing on agricultural production. A lot of effort went into tackling agricultural infrastructure construction, especially supporting project packages in pre- and post-production stages and during the production. All these will increase the reserve strength for developing agriculture and they will have a long-term effect.

4. The integration of production, supply, and sales, and the introduction of comprehensive services at the pre- and post-production, as well as the production, stages. The following were the major forms: One, offering information and technical services centered on production and construction and making direct production-sales links; two, instituting economic corporate bodies and easing products from production bases into the circulation realm; three, developing these bases into institutions with business organizations with the goal of moving toward the integration of trade, industry, and agriculture; and four, building a nationwide federation for developing farm products to facilitate transfers of bulk farm products over wide areas. Facts show that the

integration of production and sales can open up channels for both sectors and encourages bases to plan commodity production according to market demand.

#### New Construction Goals

As a strategic move in developing high-yield, superior, and high-efficiency agriculture, cash crop production bases must be continued with for a long time. In the future, these bases must strive to achieve the following targets:

Make obvious improvements in agricultural production. First, raise the comprehensive agricultural production capacity and comprehensive services; second, achieve sustained and stable growth in agricultural production and win for the production base a key role in the development of national agricultural production; third, raise the quality and the percentage of commercial farm products, stabilize domestic market supply, gradually expand international markets, and increase exports to earn more foreign exchange; and four, through the construction of production bases, develop production and raise economic returns to increase peasants' income and promote the economies of county bases.

Further consolidate and perfect commercial grain and cotton bases. These are generally troubled by high output, low efficiency, low earnings for peasants, financial difficulties, and slow economic development. The state has decided to start arranging special loans in 1994 for large cash crop and quality commercial cotton county bases and concentrate efforts on supporting them by suitably increasing investment in their construction.

Expand the scale of developing famous, special, and superior farm products. It is necessary to increase efforts to promote new products recently marketed by localities, import and absorb a wide range of good foreign strains and advanced technology, and develop, using selective focuses, a number of new internationally competitive products. Regarding improvement, we must extend our efforts into the processing, packaging, storage areas and raise the standard of post-production treatment of commodities to increase their additional value. In terms of ways of improvement, we must integrate production with distribution services, expand the construction of post-production facilities, and actively develop new production systems such as those integrating production, supply, and sales; or trade, industry, and agriculture; or growing, breeding, and processing. In terms of the scale of development, we must pursue serialized set-quantity production, develop competitive products, encourage horizontal integration between production bases and development groups.

Perfect the management of cash crop production bases. The management structure must be headed by a general coordination department, which centralizes bases' construction funds and channels social funds toward such construction projects. We must build and perfect management organs to oversee the construction of production bases.

**Conservation Projects Involve World Forestry Specialists**

OW1606103594 Beijing XINHUA in English 1025  
GMT 16 Jun 94

[Text] Changchun, June 16 (XINHUA)—Northeastern China's Changbai Mountains Nature Reserve, unique in its forest ecosystem and biological variation, is attracting increasing numbers of world ecologists.

It is becoming a sought-after place for international cooperation in research on forest ecosystems.

Set up in 1960, this nature reserve covers more than 190,000 ha. It joined the network of international biosphere protection areas in 1980.

Specialists point out that the same kind of forests had once existed in North America and Europe, but they have vanished because of human felling or through glacier movements. That leaves Changbai as an important genes store for temperate zone animal species and plant varieties.

It has been calculated that there are 2,500 kinds of plants, 500 kinds of vertebrates and nearly a thousand kinds of invertebrates in the area.

The Chinese Academy of Sciences has set up Changbai Mountains Research Station of Forest Ecosystems there.

According to a deputy director of the station, with China's wider opening to the world, ecological research has also ended its seclusion.

Since the research station first invited two ecology advisers from the United Nations Educational, Scientific and Cultural Organization (UNESCO) to inspect the station in 1979, more than 100 overseas experts have been there to cooperate with Chinese research staff in their studies.

It has finished a cooperative research program with Germany, and another program with Britain, studying the application of forest nitrogen, is going on.

It is also involved in joint studies of volcanic history with the Swiss Academy of Science, and the research of volcanic activity and changes of vegetation with Japan.

The participation of noted world experts and scholars has helped the research there to move further and faster.

**Correction to State Council Circular on Protecting Forests**

OW1406165394

The following correction pertains to the item headlined "State Council Issues Circular on Protecting Forests" published in the Economic section of the 2 June China DAILY REPORT, pages 52-53: Page 52, column two, paragraph four, sentence two make read: ...and criminal acts to pilfer and... (deleting "committed by various people's governments")



### East Region

**Fujian Governor Inspects Eastern Fujian 7-11 Jun**  
HK1506110394 Fuzhou Fujian People's Radio Network  
in Mandarin 2300 GMT 11 Jun 94

[Text] From 7 to 11 June, led by Governor Chen Mingyi, leaders in charge of various provincial departments concerned inspected Pinghe, Xiapu, Fuan, Zhouning, and other cities and counties in eastern Fujian where they went deep into some key villages, poverty-stricken villages, and poor households in the old liberated areas; visited the sites of the former Eastern Fujian CPC Special Committee and Eastern Fujian Soviet Government; and inspected a batch of key projects, including prosperity-securing projects, urban renovation projects, new development zones, comprehensive rural development zones, enterprises, and schools.

Wherever they went, the provincial leaders held wide-ranging and in-depth talks with the local cadres and people. Governor Chen Mingyi stated: The eastern Fujian economy has always been a crucial component of the Fujian economy. Eastern Fujian still has enormous economic potential and is bound to benefit the Fujian economy as a whole.

The governor fully affirmed the achievements scored by eastern Fujian in various fields of endeavor, and urged comrades in eastern Fujian to make redoubled efforts to build a socialist market economy structure and to strive to strengthen each and every weak link in production and economic operation.

#### Commentary on Jiangnan Learning From Suzhou's Experience

OW1506231794 Nanjing XINHUA RIBAO in Chinese 7 Jun 94 p 1

[By unidentified staff commentator: "Learn Suzhou's Experience"]

[Text] Suzhou has gained a lot of good experiences in building material and spiritual civilizations. A report in this newspaper today on Suzhou's good public security is one of those experiences—one that is worth pondering by purposeful people.

Public security is a widely discussed issue—an issue that the masses are concerned about and the party and government have attached importance to. Many localities have taken comprehensive measures to manage public security and have achieved noticeable results. But, situations in other localities have not been very good—leaders in these localities still lack a sense of urgency, have not advanced themselves to improving local public security, have not been persistent in doing the work, or have not considered the work to be important. Two kinds of one-sidedness in perceiving the issue are at work:

"Poor public security is due to a backward economy. Public security will automatically improve once the economy is developed." People with this kind of thinking do not do things with both hands—they use one hand while the other is idle.

"Reform and opening up has invited an invasion by foreign cultures and many people have led a decayed life-style, therefore, social ills are inevitable. The profit-oriented market economic system has aroused people's greed, so committing offenses is beyond prevention." The conclusion from this theory is that nothing can be done about the problem. Hence, these people can never be taught to use the other hand.

The Suzhou experience has emerged at the right time. Based on the facts, it is convincing criticism against the two aforementioned erroneous views. Maybe a backward economy truly has adverse effects on improving public security, but the theory that once the economy is developed public security will automatically improve is completely absurd. Good public security requires good management. Without good management, how can one expect good public security? Poor public security means a poor investment climate. With a poor investment climate, how can we expect the economy to develop in a sustained, rapid, and healthy manner? If Suzhou followed this line, it would not be the "paradise" that it is today. It would have been a paradise for lawless elements.

The second view is half correct, but the conclusion is completely wrong. I say it is half correct because it does touch on the new developments and problems in current public security work, which are much more complicated and difficult than before. But, as Comrade Deng Xiaoping said as early as five years ago: "Reform and opening up will inevitably bring in some bad influences from the West—we have never underestimated this." It is just for this reason that we need to particularly emphasize the need to grip tightly with two hands—not any other way.

Of course, we need a correct way to be tough—that is, we need to take measures aimed at specific problems, think of new ways to deal with problems, set new standards, and develop new mechanisms. Suzhou has gained experience in these matters, which is worth studying by other localities. As long as leaders at all levels have a good understanding of their political responsibility, straighten out their ideological thinking, and enlist the help of the broad masses, they will be completely able to ensure good public security and maintain social peace by taking comprehensive management measures.

#### Shandong Governor on Development Strategy

HK1506105594 Hong Kong WEN WEI PO in Chinese  
13 Jun 94 pp A1, A3

["Dispatch" by staff reporters Chen Chien-ping (7115 1696 1627) and Fang Hsiao-yi (2075 2556 1837): "In an Exclusive Interview With Our Reporters, Governor

**Zhao Zhihao Says Shandong Implements an Outward-Driven Strategy and Will Focus on Using Foreign Capital To Build Steel Plants This Year<sup>1</sup>**

[Text] Shandong, 12 Jun.—In an interview here with our reporters on 8 June, Shandong Governor Zhao Zhihao said that Shandong is comprehensively implementing an outward-driven strategy. It has adopted all positive methods and measures to promote the sustained, rapid, and healthy development of Shandong's national economy on the basis of fulfilling the quadruplication task ahead of schedule and raise it to a new level. These measures include inviting banking investments, transferring stocks, exchanging markets for technology, and expediting construction of two projects which will straddle the next century, i.e. the development of the Huang He Delta and the construction of offshore Shandong.

In the course of the interview, Governor Zhao said: Shandong Province has earnestly implemented a series of principles and policies by the party Central Committee and the State Council and, in light of the province's reality, carried out its work in a creative way. It fulfilled the task of quadrupling its national economy ahead of schedule in 1993 and thus laid a good foundation for its development this year.

Zhao said: In light of the international and domestic situations and environments, as well as the reality in Shandong, the provincial party committee and the provincial government have put forward an outward-driven strategy under which Shandong will boost its economic growth by developing its export-oriented economy and improving the quality of its economy as a whole. The utilization of foreign capital will be grasped as a key to boosting economic growth and numerous flexible methods will be adopted to extensively invite foreign investments, especially banking investments. Great efforts will be made to increase the number of newly approved foreign-funded enterprises to over 10,000 and raise the foreign capital actually used to over \$3.5 billion this year, an increase of over 50 percent. Governor Zhao disclosed: With regard to key development projects this year, the province has defined the direction of using foreign capital to build large iron and steel plants, power plants, and automobile industrial projects. The focus of foreign capital introduced into Shandong this year will be placed on infrastructure, basic industries, and the technological transformation of enterprises, as well as on capital and technology intensive industries. To this end, Shandong has selected a number of large and medium enterprises for "grafting" and transformation through the use of foreign capital. Governor Zhao said: Shandong should reach a new level in its exports this year. Beside bringing into play the role of foreign trade companies at all levels as a main force, we should take foreign-invested enterprises as a focus for expanding exports and strive to increase the province's foreign exchange earnings by 20 percent. Meanwhile, we should steadily develop Shandong's overseas enterprises and gradually improve such

networks as the sales promotion of Shandong products abroad, fundraising, technological cooperation, and information.

According to statistics, Shandong's overall economy has constantly developed in a good direction this year. There are three principal characteristics: The introduction of reform measures has been smooth and the transition from an old to a new structure has been stable; the national economy has developed in a sustained way, with the major indexes satisfactory; and social problems have been satisfactorily resolved. The masses are in a good mood and the society is stable. Governor Zhao said: In the first quarter of this year, Shandong's national economy maintained its fine development momentum, with a GDP of 66 billion yuan, an increase of 18.3 percent over the same period last year. The situation in agricultural production was fairly good, with total summer grain output expected to top 40 billion jin, the highest level ever. The growth in industrial production has tended to stabilize. In the first four months of this year, industrial output value at the township level or above rose by 27.9 percent and the production-marketing ratio was 92.1 percent, an increase of 2 percentage points over the same period last year. The scale of investment in fixed assets was initially kept under control and the export-oriented economy developed steadily. Foreign exchange earnings rose by 16.1 percent and the actual use of foreign capital by 25 percent. Financial revenue and expenditure rose steeply, with revenue growing by 21.8 percent and expenditure by 20.9 percent. The banking situation was fine, with deposits in financial institutions rising by 17.46 billion yuan compared with the figure at the beginning of this year and loans increasing by 6.26 billion yuan. Commodity sales were relatively stable, with the total volume of retail sales growing by 28.3 percent.

Since reform and opening up over a dozen years or so ago Shandong, characterized by its rapid, stable, and overall development, has gradually developed into a big economic province on China's eastern coast. After reviewing the earth-shaking changes which had taken place in impoverished Shandong, which in the past was noted for its people "braving the journey to the northeast to eke out an existence," Governor Zhao said with feeling: We owe all this to the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, to the party's basic line of "one center, two basic points," to the correct leadership of the central authorities, and to the hard struggle of the people of the whole province. He said: Shandong's strategic goal in economic and social development for some time to come will be divided into three steps: The first step is the goal of quadrupling the 1988 GDP ahead of schedule, which was accomplished in 1993; the second is to octuple the GDP by the end of this century; and the third is to attain the level of an intermediate developed country in Asia in 2010 in terms of economic aggregate and basically achieve modernization.



Governor Zhao said: To achieve this goal, while improving the quality of economic development, we should strive from now till the year 2000, to attain a higher economic growth rate than the nation's average, with the GDP growing by an annual average of 10 to 12 percent, the total agricultural output value by 5 to 6 percent, the total industrial output value by over 15 percent, the added value of tertiary industry by 16 percent, the foreign exchange earned from exports by 16 percent, and a natural population growth rate of less than 8 per mill. Proceeding from the actual conditions in Shandong, we should focus on doing a good job of the "3321 project" (reinforcing the three foundations: Agriculture, basic industries, and infrastructure; fighting well the "three major campaigns"; invigorating Shandong through application of scientific and technological advances, developing the export-oriented economy, and developing tertiary industry; and doing a good job in the two major projects extending beyond this century: the "offshore Shandong" construction and the development of Huang He Delta), and cultivate a number of leading industries and superior products so that Shandong's economy can scale a new height.

#### Shanghai To 'Pool' More Overseas Investment

OW1506171094 Beijing XINHUA in English 1517  
GMT 15 Jun 94

[Text] Shanghai, June 15 (XINHUA)—Shanghai is to pool more overseas investment for infrastructures, hi-tech and industrial projects, and the tertiary industry.

Wang Zukang, official in charge of the city's economic relations and trade, said that the metropolis welcomes all overseas investors, no matter what size of investment.

Now, the second batch of ten capital construction projects are inviting biddings, such as an international airport and a railway in the Pudong New Area, a deep-water container port and a sewage disposal project.

The city has encouraged cooperation among large state-owned enterprises and big international conglomerates, expecting to launch a group of joint projects featuring high technology and products with high quality and good market outlook.

The city's tertiary industry has also seen fast development.

The country's "Wall Street" on the west bank of the Huangpu River is taking shape. Commercial housing and renovation of the old downtown have progressed smoothly.

So far, the city has approved 8,551 foreign-funded projects, with promised investment of 17.57 billion U.S. dollars.

In January-May this year, 1,612 such items were approved, with a contractual investment of 3.85 billion U.S. dollars.

#### Shanghai To Continue Preferential Taxation Policy

OW1606105494 Shanghai JIEFANG RIBAO in Chinese  
10 Jun 94 p 1

[By reporters Wang Wei (3769 0251) and Fu Xianwei (0265 6343 0251)]

[Text] At a meeting held yesterday to introduce Pudong's policy, Zhao Qizheng, vice mayor of Shanghai and chairman of the New Pudong District Management Committee, reiterated: Despite the fact that the state has carried out taxation reform, the preferential taxation policy enjoyed by enterprises of various ownerships in the New Pudong District remains unchanged in order to maintain continuity of the Pudong development policy. Investors from China and foreign countries can invest in Pudong without reservations.

In response to questions on Pudong's taxation policy raised by some people from home and abroad, a responsible person of the taxation bureau of the New Pudong District explained yesterday: After the taxation reform was carried out, the New Pudong District made a clear-cut decision to continue implementing various regulations on preferential taxation policy in the New Pudong District. These regulations on preferential taxation policy include a series of preferential taxation policies intended for foreign-funded enterprises, domestic-funded enterprises, and enterprises in the Waigaoqiao Bonded Zone. According to the principle of the separated taxes system, implementation rules for relevant preferential taxation policies were formulated for foreign-invested enterprises, retailing and catering service enterprises in the main commercial area of Pudong's market town, enterprises meant for placing people whose land was taken by the government for other uses, private enterprises, and enterprises participating in the production material market of the Waigaoqiao Bonded Zone.

People pay special attention to the preferential policy intended for enterprises of the Waigaoqiao Bonded Zone. Vice Mayor Zhao Qizheng, who just came back from the national bonded zone work forum held in Tianjin recently, brought home the latest news: We should manage bonded zones according to international norms. We should regard bonded zones as the linking points between or the integration of international and domestic markets and guide bonded zones enterprises toward the large international market. Zhao Qizheng pointed out: Based on the national bonded zone work forum guidelines, the Waigaoqiao Bonded Zone will soon make its new regulations public to help the bonded zone play a more effective role.

These reporters learned: From January to May this year, Pudong approved 449 new foreign-invested projects, up 7.2 percent over the same period of last year. The contracted foreign capital totaled \$1.933 billion, up 61.1 percent over the same period of last year. Of these,

\$1.462 billion were directly invested in by foreign investors, up 93.4 percent over the same period of last year. This fully shows that Pudong remains popular among foreign investors.

#### **Shanghai Makes Efforts To Improve Public Security**

OW1606094094 Beijing XINHUA Domestic Service in Chinese 0836 GMT 15 Jun 94

[Text] Shanghai, June 15 (XINHUA)—According to a WEN HUI BAO report, over the last few years, party committees and governments at all levels in Shanghai have effectively strengthened comprehensive management of public security—all relevant departments, circles, and units have joined forces in improving public security and motivated the masses to take part in the work. Currently, a mass public security defense and management network has covered Shanghai's urban and rural areas.

Some 400,000 people in Shanghai annually take part in mass efforts to improve public security; 586 residents committees (villages) have been named "small safe districts" by district, county, or neighborhood (township, town) authorities; and not a single criminal case took place in 1,491 residents committees (villages) last year.

#### **Shanghai Opens 'Invisible Property' Evaluation Office**

OW1606101794 Beijing XINHUA in English 1000 GMT 16 Jun 94

[Text] Shanghai, June 16 (XINHUA)—The Shanghai Kehua Office for evaluating invisible properties, the first of its kind in this largest industrial city of China, was inaugurated here today.

Located in the premises of Shanghai Technology Exchange Center, the new office and other service organizations at the technology market form a complete service system.

Consisting of experts in various fields, including science, research, economy and law, the office will value various kinds of invisible properties for all economic organizations and individuals, at home or abroad.

Invisible property is the term for intellectual property and property linked to intellectual property, including the rights of works, patents, specialized technology, management secrets, trade marks, trade credit, service marks, permission rights, technical inventions and research results.

#### **Shandong Reports Drought Damages**

SK1606045094 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 15 Jun 94

[Station commentary: "Firmly Combat Drought To Ensure Summer Sowing and Harvest, Then Strive for Autumn Bumper Harvest"]

[Text] The province has basically completed its summer harvest, and the total wheat output is estimated at 20 billion kg, another record high. However, ravages of drought are developing quickly in the province at present, which will bring about tremendous difficulties for summer sowing and autumn seedling management in various localities. According to the present estimates conducted in various localities on 14 June, some 70 million mu of fields were afflicted with drought, and of this, 30 million mu were severely afflicted. Due to the drought, dead seedlings resulted in 850,000 mu of corn and peasant fields sown in spring and summer. Seedlings were unable to emerge normally on 1.5 million mu of summer-sown cropfields. And nearly 20 million mu of summer-sowing cropfields were unable to be sown on time due to the drought.

A department concerned, maintains that if there are no heavy rains in the near future, the province will be threatened by the difficulties in sowing seedlings, ensuring sound growth of seedlings, and providing drinking water for people and animals. According to the weather forecast by the provincial meteorological department, far from promising obvious rainfalls in the near future, the province will experience high temperatures in succession. At the moment, the situation of combating drought to ensure summer sowing and summer harvest is extremely grim. Therefore, all localities should cool off from the joy of bumper harvest and should rapidly set off a mighty movement of combating drought to ensure summer sowing and summer harvesting throughout the province. As demanded by the emergency notice of the provincial government, all localities should lose no time and concentrate energies on sowing and managing summer crops. By overcoming the fear of difficulty, the mood of worry, and the idea of waiting for rains at the mercy of the elements, all localities should make full use of all water sources and water areas to combat drought with a view to ensuring sowing and sound growth of seedlings. Meanwhile, attention should be paid to resolving problems in providing drinking water for people and animals. The areas now harvesting wheat should make appropriate arrangements for simultaneously harvesting, sowing, and managing crops and for ensuring both wheat harvest and drought combat with a view to winning the last victory in summer sowing and harvest through drought combat and to reaping an even greater bumper harvest in autumn crops.

#### **Shanghai Tourist Commodities Fair Opens in Jun**

OW1606165794 Beijing XINHUA in English 1549 GMT 15 Jun 94

[Text] Shanghai, June 15 (XINHUA)—Shanghai City will hold a fair for promotion of tourist commodities from mid-June to early 1995.

Wang Naili, director of the Shanghai Tourist Bureau, announced the plan at a press conference today.



He said that in the past two years, tourism services in Shanghai have seen rapid growth. Last year, about 1.25 million overseas tourists visited Shanghai, and the income in foreign currency increased by 49.7 percent over the previous year.

In the first five months this year, the city has received 472,700 overseas tourists, an increase of 3.1 percent over the corresponding period last year.

However, Wang said, Shanghai's income from the sales of tourist commodities is on the decline.

Shanghai lacks commodities with Shanghai characteristics, he said.

The quality, packaging, and varieties of commodities are expected to be improved, he added.

The Shanghai Municipal Government decided to mobilize 20 departments to jointly sponsor the Shanghai International Tourist Commodities Fair over the next few months.

The serial includes a new products show and a competition of the best ideas on the improvement of tourist commodities, a symposium on development of tourist commodities, a knowledge contest and selection of the ten best department stores.

#### **Leisure Activities Increase in Shanghai Suburbs**

OW1506141494 Beijing XINHUA in English 1357  
GMT 15 Jun 94

[Text] Beijing, June 15 (XINHUA)—What do Chinese farmers do in their spare time?

In the suburban areas of Shanghai, China's largest city, farmers engage in collecting stamps and newspapers, taking photographs, dancing, organizing musical bands, and so on. A kind of existence that specialists call "suburban culture" is emerging there.

"Suburban culture" in Shanghai is characterized by the combination of modern city culture and traditional Chinese rural culture. Economic development in the rural areas provides it with good support.

Two brothers named Du collected various kinds of newspapers years ago. Now, they have collected 15,000 kinds of newspapers, to rank among China's top four newspaper collectors. They have published 5,000 digest stories. They have also finished the first editions of "a collection of masthead calligraphy in national evening newspapers" and "a collection of mastheads dedicated by Mao Zedong".

A group of farmer photographers has emerged in Shanghai. Some of their photographs have been sent overseas for exhibition.

A village named Maqiao on the outskirts of Shanghai has a long history of lion dancing. After being revised by the new generation of farmer artists, the lion dance has

become a new type of folk dance combining gymnastics, dance and movie tricks together.

Musical bands are active in the countryside of Shanghai. Some of the folk orchestral music they have adapted or created has been welcomed not only by Shanghainese but also by people in other parts of China attending the Shanghai International Art Festival.

Entertainment equipment like video recorders, pianos, household computers and compact discs, which could only be seen in the houses of rich city dwellers in the past, have made their way into the households of ordinary farmers.

Rural farmers now frequently take part in singing and karaoke contests, piano grading concerts and instrumental concerts held in the city.

Modern cultural activities initiated in the big cities are spreading from the city districts to the suburbs, to outlying areas, and then to the surrounding country villages.

Fifteen "cultural hot points" currently popular in Shanghai districts can all be found in its outlying villages.

Experts have pointed out that the "suburban culture" characterized by its combination of traditional Chinese culture and modern urban culture, is a necessary result of China's economic and social development. And it will help to reduce the cultural gap between cities and the countryside.

#### **Zhejiang's Li Zemin Stresses Anticorruption**

OW1606093194 Hangzhou ZHEJIANG RIBAO in Chinese 7 Jun 94 p 1

[Unattributed article: "Step Up Efforts To Crack Down on Major and Grave Economic Crimes and Further Deepen the Anticorruption Struggle"]

[Text] Yesterday [6 June], upon the closing of a telephone conference held by the Central Commission on Politics and Law (CCPL) on making unrelenting efforts to crack down on major and grave economic crimes, Li Zemin, secretary of the Zhejiang Provincial CPC Committee, set guidelines for party committees at all levels in Zhejiang on deepening the anticorruption struggle. He stressed: We must further unify our understanding, strengthen leadership, ensure a good job in dealing with major and grave cases of economic crimes, and deepen the anticorruption struggle to maintain the province's trend of reform, development, and stability.

After noting the considerably good results Zhejiang has achieved in dealing with major and grave cases of economic crimes since the Second Plenary Meeting of the Central Discipline Inspection Commission in August last year, Li Zemin pointed out: We should not overestimate the results we have achieved—some corrupt practices are far from being effectively checked. Work in

investigating major and grave cases occurring in key departments, especially crimes committed by leading cadres, is still a weak link—it still falls far short of the expectations of the party Central Committee, the State Council, and the masses.

Li Zemin said: The guidelines laid down by Comrade Ren Jianxin at the telephone conference concerning stepping up efforts to crack down on major and grave cases of economic crimes are important guidelines of the party Central Committee on fighting corruption, especially for cracking down on grave economic crimes. With the telephone conference as a turning point, and in conjunction with the relevant guidelines laid down by the provincial CPC Committee and government, party committees, governments, and public security, procuratorial, and judicial departments at all levels of the province should faithfully carry out the guidelines set at the telephone conference.

First, we should further unify our understanding of the great significance of the anticorruption struggle. Deepening the struggle is an important assurance for carrying out the guiding principle of "seizing the opportunity to deepen reform, broaden the scope of opening up, accelerate development, and maintain social stability," as well as an important effort to strengthen party building. We should further clear up the various vague ideas about the struggle currently existing among a small number of leading cadres, and correct their wrong way of doing things in order to bolster their anticorruption resolve and confidence. It should be made clear that anticorruption is an important assurance for the economy to develop smoothly, and in a healthy manner. We should preserve cadres' enthusiasm and initiative in carrying out reform and economic construction, but we must never defend or wink at their corrupt and criminal acts. Leaders at all levels, especially leading comrades of the party and government, should restudy Comrade Deng Xiaoping's discussion on tightly gripping with two hands, and Comrade Jiang Zemin's speech at the Third Plenary Meeting of the Central Discipline Inspection Commission; further unify their understanding of the great significance of the anticorruption struggle; and carry out the struggle unequivocally, justly, and forcefully, in order to further deepen the struggle and enable it to endure and yield better results.

Second, priority should be given to investigating and prosecuting major or serious cases. Vigorous efforts should be made to investigate such cases in key departments, especially major criminal cases involving leading cadres. Specialized organs should follow the mass line by encouraging people to report on criminal cases. We should conscientiously do a good job in making preliminary investigation of clues for solving cases. Party committees at various levels should support law and discipline enforcement departments in making preliminary investigation of cases. A case that should be investigated and prosecuted must be thoroughly investigated and prosecuted, no matter who is involved in the case. We should resolutely resist various personal connections

and interceding for others. Interference in the handling of a case that constitutes a crime should also be investigated and prosecuted according to law. We should support law-enforcement departments in handling cases independently. We should conscientiously implement the principle of dealing promptly and severely with serious cases of economic crimes. When it is necessary to make a preliminary investigation of a case, we should do so; when a case should be placed on file for investigation and prosecution, we should do so; and when those involved in a case should be given severe sentences, we should also do so. Under the unified leadership of party committees, news media and propaganda departments should effectively report on and publicize typical major or serious cases in order to strengthen people's confidence in the struggle against corruption. Conscientiously implementing the principle of "being firm, prudent, and accurate," we should strictly distinguish between being guilty and being innocent.

Third, it is necessary to effectively strengthen our leadership over the anticorruption struggle, and the investigation and prosecution of major or serious cases. The anticorruption struggle is a task for the whole party. So the whole party should carry it out, and there should be personnel responsible for it at every level. We should make unremitting efforts to do solid work in this regard. We should conscientiously analyze and check on the anticorruption struggle according to the central authorities' requirements and the conditions of our localities or units. We should make further arrangements for the investigation and prosecution of major or serious cases, especially cases involving leading cadres. We should strengthen our supervision and inspection in this respect and vigorously implement relevant policies and measures. We should take the initiative in coordinating the investigation and prosecution of major or serious cases, especially cases involving leading cadres. All department concerned should make concerted efforts in handling such cases. Principal leaders of party and government organizations at various levels should concern themselves with the investigation and prosecution of major or serious cases, support law and discipline enforcement departments in handling cases according to law, help them remove obstructions, and back them in handling cases impartially. It is essential to improve law and discipline enforcement departments' equipment for the investigation of cases, and to make sure they have sufficient funds to handle cases, especially enough funds to investigate and prosecute major cases involving leading cadres.

Present at the telephone conference were Chai Songyue, deputy secretary of the provincial party committee and executive vice governor of the province; Wang Qichao, standing committee member of the provincial party committee and member of the provincial discipline inspection commission; Si Daxiao, member of the standing committee and secretary of the political and legal commission of the provincial party committee; Ge Shengping, procurator general of the provincial people's



procuratorate; Lu Zushan, secretary general of the provincial party committee; and leaders of relevant departments.

### Central-South Region

#### 'Unprecedented' Storm Lashes Guangdong

HK1506133094 Beijing ZHONGGUO XINWEN SHE  
in English 0931 GMT 15 Jun 94

[Text] Guangzhou, June 15 (CNS)—A storm, unprecedented for a century, has hit north Guangdong for days, causing eruption of mountain torrents in the Liannan Yao Autonomous County and the Lianshan Zhuang Autonomous County, which has resulted in serious damage.

Since 12th this month transport, telecommunications and electricity in six townships of Liannan have been disrupted by mountain torrents triggered by days of heavy downpour. More than 40 power stations have been flooded or damaged. Production of most industrial enterprises and mines in the county seat and townships have to stop. The water level of the Bandong Reservoir, located, compared with others, on the highest place above sea-level in the province, is already 3.3 metres above the warning level. It is estimated that 1,300 people have been trapped in flood, over 300 houses have collapsed, 37 have died, one reported missing, 18 injured. About 1,000 hectares of crops have been submerged, causing the damage valued at more than RMB [renminbi] 100 million.

The storm also ravaged the county seat of Lianshan and over 30 villages from 10th to 13th and caused eruption of mountain torrents. By the noon of yesterday, parts of riversides totalling 3 kilometres, ten bridges had been damaged. More than 200 hectares of fish-raising ponds, over 1,000 hectares of crops were submerged. Tens of hundred people were trapped in flood. The direct economic loss caused by the storm is put at RMB 16 million.

Qingyuan government officials and local cadres have been to the two counties to direct rescue work and trying to minimize the loss.

#### Shenzhen To Require Enterprises To Employ Safety Officers

HK1606041994 Hong Kong SOUTH CHINA  
MORNING POST in English 16 Jun 94 p 12

[By Chan Wai-Fong]

[Text] Shenzhen hopes to improve its poor industrial safety record by requiring enterprises which employ more than 50 workers to hire safety officers.

The measure, modelled on Hong Kong practice, will be implemented later this year. The Shenzhen Special Economic Zone (SEZ) will be the first in China to try this approach to industrial safety.

A government document issued last month indicates enterprises with 50 to 200 workers must hire an acting safety officer. Those with more than 200 must have a full-time one.

And for industries classified as dangerous, special safety units must be established. The same will apply to large-scale industries that control a number of subsidiaries, a Shenzhen municipal official responsible for labour safety said.

The official, who identified himself only as Mr Lo said training courses were being prepared for the safety officers, who would have to be registered with the government to be eligible for the job.

Although at present large-scale and state-controlled enterprises in China usually have safety units, they are not obligatory. And for foreign-funded factories, except in highly organised ones, safety units are a rarity.

Guangdong Labour Bureau safety chief Tan Shaofen said that when accidents happened in these enterprises, owners would be penalised.

Over the past two years serious industrial accidents have been reported in southern China, some resulting in hundreds of deaths and injuries, and occurring most often in factories funded by Hong Kong and Taiwan interests.

"It's futile simply to hold owners responsible," Mr Lo said. "And the newly issued document stipulates that anyone who wishes to open a factory has to employ safety officers" he said.

He said the new safety officers needed to be properly trained in the relevant laws and regulations, industrial safety, and what to do in case of accidents.

The new policy would be fully implemented in the SEZ within two years, Mr Lo said. Mr Tan said there was no plan at present to adopt the system in other parts of Guangdong, although he said Shenzhen was moving in the right direction. "We will keep a close eye on it," he said.

Mr Tan explained that "the system in Shenzhen is different. All enterprises there come directly under the SEZ government, while here we have bosses like the labour bureau, the union".

But he was quick to point out that foreign-funded enterprises could not be exempted from Chinese laws on industrial safety.

Mr Tan said his department suffered from a shortage of staff. This had paralyzed, to a certain extent, the enforcement of laws and regulations on industrial safety, particularly in foreign-funded enterprises.

"We have to rely on local governments to monitor the situation. They will be responsible for any accidents occurred. And the owners of foreign enterprises will also be charged," he said.

#### **Guangxi Secretary Advises on Yulin Disaster Relief Work**

*HK1606102994 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 14 Jun 94*

[Text] Yulin Prefecture was hit by the No. 3 tropical storm between 8 and 11 June, resulting in economic losses totalling 76.27 million yuan. The people and troops stationed in Yulin have wasted no time in rushing to deal with the emergency and provide disaster relief.

The regional party committee and people's government have been concerned about the disaster situation. On the morning of 13 June, regional party committee Secretary Zhao Fulin made a personal telephone call to principal leaders in charge of the Yulin Prefectural CPC Committee to inquire about the disaster situation. He also gave them the following three specific instructions with regard to disaster relief work:

1. The party and government leaders in each and every disaster-stricken city, county, township, and town should go deep into the disaster-stricken areas at once to learn about the disaster situation; organize cadres and masses to combat the disaster and provide disaster relief; take measures to tackle problems cropping up in the course of combating the disaster and providing disaster relief; resolve problems in a timely manner; and to reduce the losses caused by the disaster to a minimum;
2. The leaders at all levels in Yulin should take practical measures to help the broad masses of people tackle livelihood-related problems; organize the broad masses of people to provide for and help themselves by engaging in production; express sympathy and solicitude for the disaster-stricken households and collectives; mobilize the broad masses of people to help those in the disaster areas overcome difficulties relating to livelihood and production; and should take measures to save farm crops and reduce losses to a minimum;
3. The leaders and broad masses of cadres and people at all levels in Yulin should cultivate a strong sense of combating the disaster and reaping a good harvest. As the flood season has just started, Zhao said, we should be on the alert, never slacken vigilance, take measures to prevent and combat disasters, and strive to reap a good agricultural harvest this year.

#### **Flooding Hits Guilin City; Waters Continue Rising**

*OW1406145194 Beijing XINHUA in English 1346 GMT 14 Jun 94*

[Text] Guilin, June 14 (XINHUA)—A flood this morning swept through Guilin city of southwest China's Guangxi Zhuang Autonomous Region, but no casualties were reported.

The flood inundated all the 40 streets of the city at 9:30 this morning. In some parts of the city, electricity and telecommunications were cut off; a number of villages in the suburbs were submerged and some houses collapsed but no one was injured.

According to the local flood control headquarters, the Lijiang River flooded at daybreak and the water table in the river went up to 147.04 meters, 2.3 meters above the warning level.

Also, at about one o'clock, 30 pleasure boats with over 4,000 domestic and overseas sightseers arrived in Yangshuo, a popular scenic spot, and returned to Guilin city safely.

More than 4,000 officers and soldiers of the People's Liberation Army, public security forces and party and government officials rushed out to fight the floods and take part in rescue work.

So far, losses caused by the flood are estimated at 300 million yuan. The flood continues to rise in Guilin at present.

#### **Henan Issues Regulations on Statistics**

*HK1506130594 Zhengzhou HENAN RIBAO in Chinese 14 May 94 p 7*

["Henan Provincial Administrative Regulations on Statistics—Adopted at the Seventh Meeting of the Standing Committee of the Eighth Henan Provincial People's Congress on 28 April 1994"]

[Text] Notice by the Standing Committee of the Henan Provincial People's Congress (No. 13)

The "Henan Provincial Regulations on Statistics Management" have already been examined and approved by the Seventh Meeting of the Eighth Henan Provincial People's Congress Standing Committee on 28 April 1994 and are now promulgated. They are effective from the date of promulgation. 28 April 1994

Article 1. In order to strengthen the management and supervision of statistics and ensure the accuracy and timeliness of statistical data so that statistics can play an important role in the socialist market economy and social development, the regulations herein are made in accordance with the "PRC Statistics Act" and the "Details for Implementation of the PRC Statistics Act" and in light of Henan's actual situation.

Article 2. State organs, social organizations, enterprises and institutions of all economic patterns, and individual business units within the administrative region of the province, and all provincial enterprises and institutions set up outside the province and outside the country, must strictly abide by the laws and regulations on statistics and supply accurate statistical data. They must not make false reports on, hide truth from the reports on, or delay in reporting statistics nor forge them or tamper with them.



Basic-level autonomous mass organizations and citizens have the obligation to supply the data and information needed for the state's statistical surveys.

All units and individuals have the right to boycott, report, and file charges against illegal statistical acts.

Article 3. Governments at all levels should strengthen leadership over statistical work, establish sound statistical systems and networks, and bring into full play the servicing, supervisory, and regulatory role of statistics in the socialist market economy.

Article 4. The statistical organization of the people's government at or above the county level is the supervisory statistical department in its own administrative area. It is responsible for organizing, leading, and coordinating the administrative area's statistical work and national economy accounting and performs the functions of managing, supervising, and inspecting statistical work.

The statistical personnel of the people's government at the township (town) level, or of a city subdistrict office, perform their duties and carry out comprehensive statistical functions in accordance with the laws and regulations on statistics.

The working department of the people's government at or above the county level, and the statistical organizations or statistical personnel of other units, must do their own statistical work in accordance with the laws and regulations on statistics and accept the guidance and supervision of the supervisory statistical department of the people's government at the same level.

Persons in charge of statistical work and professional statistical personnel must be managed in accordance with the relevant provisions of laws and regulations.

Article 5. The supervisory statistical departments of the people's governments at all levels and all types of statistical organizations should put into practice the statistical work responsibility system and continuously improve the quality and efficiency of statistical work in keeping with the principle of seeking truth from facts.

Statistical personnel should act in accordance with the law, be devoted to their duty, abide scrupulously by professional ethics, supply accurate statistical data, and complete statistical tasks precisely and in time.

Article 6. The supervisory statistical department of the people's government at or above the county level and all types of statistical organizations and statistical personnel, independently perform the functions of surveying, reporting, and supervising statistics in accordance with the law. No unit or individual can interfere.

No leader of a locality, department, or unit can change the statistical data supplied by a government supervisory statistical department, statistical organization, or statistical personnel and nor can he indicate to or force the

government supervisory statistical department, statistical organization, statistical personnel, or other relevant personnel to make a false report, hide the truth in a report, and forge or tamper with statistical data.

Article 7. Before assuming a post in a statistical organ, a person must receive professional statistical training and then take and pass the examinations. For on-the-job statistical personnel, a system of regular training and examination will be put into practice.

Article 8. Statistical reports are managed solely by the supervisory statistical departments of the people's governments at all levels in accordance with the law. Statistical surveys by statistical organizations at all levels must not repeat or contradict the statistical surveys by the people's governments at their levels. Statistical survey reports on the basic situation in the national economic and social development of the localities are made by the supervisory statistical departments of the people's governments at and above the county level.

The professional statistical survey report by the working department of the people's government at or above the county level sent to the divisions under the department's administration is to be examined and approved by leaders of the department and is to be filed with the supervisory statistical department of the people's government at the same level. Those sent outside the department's administration must be signed by leaders of the department and be filed with the statistical supervisory department of the people's government at the same level for examination and approval before they can be transmitted to lower levels.

Article 9. A statistical survey report approved or filed in accordance with the specified procedures must bear the name of the organ making the report, the report number, the name of the approving organ or of the unit with which the report has been filed, and the number of approval. A unit or individual under survey must fill out the survey list accurately, in time, and without compensation.

A statistical survey report which has not been approved or filed, or which bears none of the above names (including the survey outline mainly for collecting statistical figures) is an unlawful report. All units or individuals have the right to refuse filling it out and the supervisory statistical department of the people's government has the right to invalidate it.

Article 10. The supervisory statistical departments and working departments of the people's governments at all levels should regularly clear up the statistical reports they have made and should revise or invalidate the inapplicable ones.

Article 11. Statistical data about national economic and social development are to be published by the supervisory statistical department of the people's government at or above the county level. The statistical data about national economic and social development published by

other supervisory departments must not contradict the relevant data by the supervisory statistical department of the people's government at the same level.

The publication or supply of statistical data to the outside world must be in accordance with the State's confidentiality regulations on statistical data.

Article 12. All basic-level units should establish a sound system of statistical primary records, statistical ledgers, and statistical management to standardize the fundamental statistics work.

Article 13. The statistical data reported to the supervisory department at a higher level by the working departments of the people's governments at all levels, and by units stationed in Henan, should simultaneously be sent to the supervisory departments of the people's governments at the same level.

Article 14. All statistical surveying units should register.

A statistical surveying unit which has been newly established or relocated in Henan should, on production of the relevant documents, register with the supervisory statistical department of the people's government within 30 days of its establishment or relocation, in accordance with provisions, and should supply statistical data in accordance with the statistical system.

Should there be any change in the name of a statistical surveying unit, in its type of business, in whom it is subordinate to, or in the business under its supervision, the changes should be made in accordance with the provisions mentioned above.

Should a statistical surveying unit terminate operation or relocate elsewhere it should, within 30 days of its termination or relocation and producing relevant documents, notify the statistical supervisory department of the government to which it has previously sent statistical data.

Article 15. The statistical inspecting organizations and statistical inspectors from the statistical supervisory department of the people's government at or above the county level, must supervise and inspect how laws and regulations on statistics are being implemented in the locality and the inspected units or individuals must supply the data and information needed for these inspections.

When performing their duties, statistical inspectors have the right to issue a "Statistical Inspection Enquiry," and the inspected units or individuals should give a genuine reply within the fixed time. Should they fail to reply, they will be considered to have refused to do so.

Article 16. All units should strengthen the automation of statistical information in a planned way and gradually achieve the modernization of statistical information technology.

The statistical supervisory departments of the people's governments at all levels should vigorously promote the development of the statistical consultation service, plan and manage the statistical information consultation market, and offer consultation services to the public.

Article 17. The statistical supervisory departments of the people's governments at all levels, other supervisory departments, and enterprises and institutions should commend or award units or individuals which have had outstanding performance in the struggle against illegal statistical acts.

Article 18. A statistical surveying unit or individual committing any of the following acts in violation of the regulations herein is to be educated through criticism, publicly criticized, or fined according to the seriousness of the case by the statistical supervisory department of the people's government at or above the county level:

A. Making a false report, hiding the truth from a report, and forging, tampering with, or refusing to report statistical data; or indicating to or forcing a statistical personnel to supply untrue statistical data.

B. Opening no statistical primary record or changing, tampering with, or canceling a statistical primary record or statistical ledger without permission.

C. Frequently delaying reporting statistical data.

D. Neglect of duty with the result of making a false report on or giving incomplete statistical data.

E. Making statistical reports or publishing statistical data without permission and in violation of statutory procedures.

F. Infringing on the statutory rights of a statistical organization or statistical person or retaliating against a statistical person who performs his duties in accordance with the law.

G. Hindering a statistical inspector in performing his duties and shielding or covering up an illegal act.

H. Failing to register with the statistical authorities inside the fixed time.

I. Violating the statistical confidentiality regulations.

J. Any act that violates laws and regulations on statistics or the regulations herein.

Anyone committing act A or B will be fined 5,000 to 15,000 yuan; anyone committing one of the acts from C to J will be fined 1,000 to 5,000 yuan. A unit leader who assumes responsibility, or a person directly responsible, can be fined 100 to 500 yuan.

Article 19. Fines will be paid in time to the State Treasury in accordance with the "Henan Provincial 'Provisional' Regulations for the Imposition of Fines and the Confiscation of Property by Law Enforcement Agencies."



Article 20. Should the leader of a statistical surveying unit or a person directly responsible commit one of the acts mentioned in Article 18, the statistical supervision department of the people's government at any level can put forward ideas for his administrative punishment and turn him over to a relevant unit or supervisory department for further action in accordance with the limits of personnel management authority. If a case is vicious and its consequences are serious, and if it constitutes a crime, the judicial organ will hold the person concerned accountable for the crime.

Should an individual industrial or commercial entrepreneur violate the regulations herein and should the case be vicious and its consequences have serious consequences, the statistical supervisory department of the people's government can appeal to the industry and commerce administration for the suspension of his business or cancel his license in accordance with the law as a punishment.

Article 21. Should a unit or individual violate laws and regulations on statistics by practicing fraud to obtain honor or seek gain, the statistical supervisory department of the people's government or other statistical organization can ask the honor-conferring body to take action against it or him and have him punished in accordance with Articles 18 and 20 herein.

Article 22. Should a statistical person abuse power and resort to fraudulent practices out of personal considerations, his statistical unit or a supervisory department will mete out administrative punishment to him. Should his act constitute a crime, the judicial organ will hold him accountable for it.

Article 23. Should the person concerned not accept the administrative punishment, he can apply for a review of his case in accordance with the "Administrative Review Regulations" or directly file a suit with the people's court in accordance with the "Administrative Proceedings Act." If he does not apply for a review after the fixed time, or if he does not file a suit nor carry out the decision on punishment, the organ making the decision will file with the people's court for the mandatory execution of the decision.

Article 24. Interpretation of the applicability of the regulations herein rests with the statistical supervisory department of the provincial people's government.

Article 25. The regulations herein come into effect from the date of promulgation.

#### **Henan Achieves Results in Commodity Price Inspection**

HK1606104094 Zhengzhou Henan People's Radio Network in Mandarin 1030 GMT 12 Jun 94

[Excerpts] Thanks to joint efforts exerted by working personnel responsible for inspecting commodity prices, our province has achieved initial results in its mass

inspection of commodity prices. The inspection has taken selling at marked prices as a breakthrough point to straighten out market order and prices. As a result of hard work over the past two months, the practice of selling at marked prices has become increasingly popular. More than 95 percent of department stores, 95 to 96 percent of eating houses, and 60 percent of supermarkets and individual traders have followed this practice.

Some 140,000 units were inspected and it was discovered that 80,000 units had failed to abide by the relevant rules and regulations. Fines totalling more than 120,000 yuan were imposed. In the meantime, our inspection personnel also seriously handled cases of those units or individuals who increased prices arbitrarily before the promulgation of measures aimed at curbing price increases in light of the seriousness of their illegal practice. [passage indistinct] [passage omitted]

Our inspection personnel exerted their main efforts in inspecting 8,130 key units and discovered 2,343 law violation cases involving 15.49 million yuan. In the course of carrying out their inspection work, they also paid attention to handling cases reported by the masses. They dealt with a total of more than 1,200 cases reported by the masses, more than 1,000 cases of which were handled immediately. Although certain results have been achieved in the mass inspection work, there are still some problems:

First, the prices of a small number of daily necessities still remain high.

Second, it is more difficult to standardize prices on market fairs or set prices for individual traders.

Third, cases of our inspection personnel being besieged, scolded, and beaten still happen from time to time.

In future, relevant departments must truly take effective measures to promote the healthy development of our mass inspection work.

#### **Hubel Governor on Development of Enterprises**

HK1506110194 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 9 Jun 94

[Text] The provincial government held an on-the-spot administrative meeting this morning in the Town and Township Enterprises Administrative Department in order to review the latest development of town and township enterprises throughout the province, and to further organize and mobilize forces from various quarters to continue supporting the development of town and township enterprises. Governor Jia Zhijie and Vice Governor Wang Shengtie attended the meeting to help town and township enterprises get funds, then and there, to a sum of 1.5 billion yuan. The provincial branch of the Agricultural Bank provided 1.2 billion yuan, the provincial branch of the Industrial and Commercial Bank—120 million yuan, the provincial branch of the Bank of

China—100 million yuan, and the provincial branch of the Construction Bank—80 million yuan.

This year town and township enterprises in our province have continued to maintain their good momentum of development. Various localities throughout the province generally have accelerated their pace of development, and have increased their economic efficiency markedly. Their products generally sell well. From January to May this year, the total production output value of rural industry was 26.9 billion yuan, an increase of 89.69 percent over the same period last year.

After listening to reports on supporting the development of town and township enterprises which were submitted by responsible persons from organs directly under provincial authorities, including the provincial planning commission, economic commission, labor department, educational commission, scientific and technological commission, the Agricultural Bank's provincial branch, and the provincial financial, personnel, and other departments, Governor Jia Zhijie said: This year, town and township enterprises are developing very rapidly and healthily. This has played a decisive role in maintaining the pace of economic development in our province. To continue the rapid development of town and township enterprises, we must make a breakthrough in enhancing our understanding. We must have sense of crisis and emergency. Party and government leaders at all levels must place the development of town and township enterprises on their agendas. Main leaders must grasp it personally. They must persist in the idea of doing two types of work simultaneously. They must grasp the development of town and township enterprises, and lose no time in improving them. As far as measures are concerned, they must adjust their targets of struggle to ensure the fulfillment of the task of increasing these enterprises' production output value to 150 billion yuan. It is necessary to open up markets, increase product sales, and establish sales teams for the markets for town and township enterprises. It is necessary to carry out activities of emulation and appraisal through comparison so as to create a situation of each and every enterprise trying to overtake the other. It is necessary to put the enhancement of management level on the agenda. Management must be put on a scientific and modern basis, and efforts must be made to attach importance to training qualified personnel so as to increase the quality of working personnel in town and township enterprises.

#### Hubel Secretary Attends Development Fund Ceremony

HK1606103294 Wuhan Hubei People's Radio Network  
in Mandarin 1000 GMT 13 Jun 94

[Text] The Hubei Poverty-Stricken Old Liberated Areas Development Fund was officially set up in Wuchang this morning.

This morning's ceremony was attended by some provincial leaders, including [provincial party committee Secretary] Guan Guangfu, Ding Fengying, Wang Zhongnong, Wang Shengtie, Zhen Guocheng, Xiao Quantao, and Xu Xiaochun; some retired veteran comrades including Han Ningfu, Kong Qingde, Liu Huinong, Zhang Xueqi, Shi Chuan and Tian Ying; and some other people.

The Hubei Poverty-Stricken Old Liberated Areas Development Fund is a nonprofitmaking and nongovernmental organization established with the approval of the Hubei Provincial CPC Committee and People's Government and composed of retired former provincial party, government, and military leaders, including some veteran generals and veteran leaders, some incumbent provincial leaders, as well as some relevant provincial departments leaders.

The fund pledges to fulfill such tasks as mobilizing and organizing overseas and domestic people from all walks of life, Overseas Chinese, Hong Kong, Macao, and Taiwan compatriots, friendly people from all over the world, as well as overseas and domestic social organizations, enterprises, and undertakings to voluntarily donate and raise through a variety of channels, funds to help Hubei's poverty-stricken old liberated areas shake off poverty, achieve prosperity, and turn into spiritually and materially civilized areas.

At this morning's ceremony, Wang Liying was elected chairman. Guan Guangfu, Han Ningfu, Zhang Caiqian, Liu Huinong, Xu Qingde, Zhang Xiulong, Shen Yinluo, Chen Ming, and Jiang Yi were elected honorary chairmen.

Guan Guangfu delivered a speech in which he said: On behalf of the Hubei Provincial CPC Committee and People's Government, I would like to extend warm congratulations to the newly established fund as well as heartfelt thanks to retired veteran leaders, veteran comrades, and people from all walks of life in society for their unreserved concern for the old liberated areas development.

Guan Guangfu stated: The provincial party committee and people's government have been concerned about the backward situation in the old liberated areas and have always attached great importance to, and made continued efforts to push ahead with, the old liberated areas development. Nonetheless, due to lack of construction funds, Hubei's old liberated areas development has lagged far behind other areas in the province.

Guan Guangfu expressed the hope that all areas, departments, professions, and trades across the province, and people from all walks of life in society, will show continued concern, support, and assistance for Hubei's old liberated areas development; show concern for, attach importance to, and provide assistance to each and every investment activity developed by the newly established fund; and join hands in promoting Hubei's poverty-stricken old liberated areas development.



In the end, a total of 25 provincial leaders, retired cadres, comrades, and persons in charge of the various departments concerned, including Guan Guangfu, Ding Fengying, Wang Zhongnong, Wang Shengtie, Zhen Guosheng, Han Ningfu, Kong Qingde, Liu Huimeng, Zhang Xueqi, Wang Laying, and others, became the first group of people to donate cash to the newly established fund.

### Hubei Province Increases Number of Customs Posts

GW 1006073194 Beijing XINHUA in English 0720 GMT 10 Jun 94

[Text] Wuhan, June 10 (XINHUA)—Central China's Hubei Province has opened seven customs posts dealing with foreign goods since 1980, boasting the biggest number among the inland provinces of the country.

The customs posts are at the two ports of Wuhan and Huangshi, Wuhan's Nanhu Airport, and at Shashi, Huangzhou, Erhuo and Jiangnan.

In 1993 the province's total quantity of export goods was one million tons, with an export value of 1.68 billion U.S. dollars.

The province plans to set up more customs posts along the Chang Jiang and Hanjiang Rivers, and its four major railway lines.

### North Region

#### Beijing Land Use Situation Titled Serious

HK 1306152094 Beijing ZHONGGUO XINWEN SHE in English 1331 GMT 15 Jun 94

[Text] Beijing, June 15 (CNS)—Statistics released by the municipal Bureau of Land on the use of land in the municipality last year showed that occupation of land was rather serious here.

Each category of land use occupied a large area of land and the trend tended to go upwards. The total area of land occupied by each category was put at 5,743.8 hectares last year, registering the largest area in the last decade. Land occupied for nonagricultural categories made up 89 per cent while land for adjustment of farming pattern accounted for 11 per cent.

Arable land was seriously occupied. Various kinds of construction and adjustment of agricultural structure made up 3937.4 hectares of cultivated land last year while exploitation of new cultivated land was put at 166.6 hectares, showing a net drop of 3,770.8 hectares for the entire year which was the most serious loss of arable land in the last ten years. Occupation of cultivated land by the state, the collective entities and individuals was rather serious, making up 84 per cent of the total. Construction of the state level made up 77.1 per cent of the arable land, the collective entities 6.2 per cent and individuals 0.6 per cent which was mainly for housing

construction. As of late last year the total area under cultivation across the municipality was reduced to 385,000 hectares.

Land under various kinds of construction in Beijing exceeded restrictions on each category set by the state for 1993. Construction of the state level saw 266.7 hectares more than the planned, the collective level 466.7 hectares and individual level 315.3 hectares which was mainly for housing construction.

Beijing saw an increase of land cases in violation of law which involved a great area. There were 660 such cases covering a total area of 745 hectares and 557 hectares of cultivated land. Illegal occupation of arable land made up 74.8 per cent of the total area. Unauthorized use of land in such cases accounted for 625 hectares and took 449 hectares of cultivated land, dealing a serious blow to the economic construction and the general urban planning in Beijing.

#### Beijing's Current Drought 'Worst' This Century

HK 1306061894 Beijing CHINA DAILY in English 13 Jun 94 p 1

(B) Liang Zhao, "High Temps Deplete Reservoirs"

[Text] A senior expert yesterday declared that the current 18-month drought is the worst of the century.

"The capital city is rapidly reaching water scarcity and facing limits to further economic development due to the persistent spell of dry weather," said Teng Shutang, the general-engineer of Beijing Municipal Water Resources Bureau.

Meanwhile, the municipal Water Saving Office urged residents and institutions to comply with measures aimed at cutting water consumption, which has been steadily on the rise this year.

The office pleaded that an acute water shortage will appear in the next three months, saying the supply exceeded its capacity of 1.04 million tons a day last week as the mercury crept above 30 degrees Celsius.

Teng has resorted to shock-therapy in trying to get city residents to understand the depths of the drought.

He said Beijing has been heavily relying on its only limited water stored in its two largest reservoirs, the Miyun and Guanting. Both are fed only by annual rainfall.

Beijing needs at least 1 billion cubic metres of water from the two reservoirs to meet its basic consumption needs each year, Teng said. This sole water source has been forced to yield an extra 500 million cubic metres of water from its reserves as rainfall has decreased sharply in recent years.

"The reserve storage of water will be used up in the next few years without effective water-saving measures with the prolonged scorching weather," Teng warned.

"Beijing would be at standstill."

The reservoirs have seen their supply depleted with the minuscule precipitation of the last three years: 490 millimeters in 1992, only 420 millimeters in 1993 and even less predicted for this year.

Consequently, only 1.6 billion cubic metres were retained in the reservoirs in 1993, less than 24 percent compared with levels in the 1980s.

This year only 2.68 billion cubic metres, about half of the Miyun Reservoir's designed storage capacity, was stored. Only 1.6 billion cubic metres of the stored water are available for daily use by the city's more than 6 million dwellers as well as tourists and industries.

Further, for years water quality in Guanting has been too poor for drinking, he said.

#### **Inner Mongolia Cooperates With Beijing, Hebei**

SK1606102094 Hohhot NEIMENGGU RIBAO in Chinese 5 Jun 94 p 1

[By correspondent Li Ze (262) 3419 and reporter Liu Shengrong (0491) 3932 2837: "Inner Mongolia Witnesses Fruitful Results in Holding Talks on Mutual Aid and Economic Cooperation With Beijing and Hebei"]

[Text] A few days ago, Inner Mongolia achieved fruitful results in visiting Beijing Municipality and Hebei Province to hold talks with them on aiding each other and on organizing economic and technological cooperation.

Lin Yongnian, vice chairman of the Inner Mongolia Autonomous Region, Wang Haosen, executive vice mayor of Beijing Municipality, and Li Haifeng, vice governor of Hebei Province, respectively signed two "summaries of talks" on bilateral cooperation. Meanwhile, 12 leagues and cities in Inner Mongolia signed agreements on aiding each other "one to one" with pertinent districts and counties of Beijing Municipality and with corresponding prefectures and cities of Hebei Province. Through the current visit to Beijing and Hebei, Inner Mongolia reached 403 agreements and intentions on cooperation in the fields of the economy, technology, goods and materials, and professionals. Thus, a new breakthrough was made in the major cooperation items between Hebei, Beijing, and Inner Mongolia.

In the cooperation on power industry between Inner Mongolia and Beijing Municipality, this year Beijing will continue to put in construction funds to Inner Mongolia, and beginning next year Beijing will participate in the construction of key power plants of Inner Mongolia in the form of buying shares. Inner Mongolia and Beijing also reached the cooperation intention on lending money to support Inner Mongolia's copper smelting and zinc

smelting projects, on jointly building wholesale markets in Beijing that mainly sell the grain and cooking oil of Inner Mongolia, and on jointly building bases of raw materials, fine variety of livestock products, vegetables, meat, milk, poultry eggs, and melon and fruits in Inner Mongolia.

In the field of the cooperation between Inner Mongolia and Hebei Province, the region and the province decided through discussion that this year Hebei Province will organize special teams to conduct survey on the spot and conduct specific negotiations on the form of investment and on the price of electricity used in jointly building Zhenglanqi Power Plant. It was also decided that the No. 110 state highway from Hebei Province's Chaigouba to Inner Mongolia's Laoyemiao will be built according to the standards of the second-grade highway and this highway will be open to traffic by the end of 1995. The two sides have also reached intention on improving the communications and transportation conditions in other prefectures, cities, and leagues in Inner Mongolia and Hebei, on building and perfecting the markets in contiguous areas, and on jointly building the bases of building materials and raw materials in Inner Mongolia.

The region's current visit to Beijing and Hebei drew high attention of party and government leaders of Beijing and Hebei. Chen Xitong, member of the Political Bureau of the CPC Central Committee and secretary of the Beijing Municipal Party Committee, Cheng Weigao, secretary of the Hebei Provincial Party Committee, and other leaders met with all members of the delegation of Inner Mongolia and exchanged opinions on continuously deepening the mutual aid.

Beijing Municipality expressed that it will strive to initiate another 1,100 cooperation projects within a few years based on the 1,100 projects ever conducted in the past.

At the moment, pertinent departments, leagues, and cities of Inner Mongolia are making positive arrangements for building the project signed during the current visit.

#### **Shanxi Soil, Water Projects Supported by Foreign Funding**

OW1606091694 Beijing XINHUA in English 0802 GMT 16 Jun 94

[Text] Taiyuan, June 16 (XINHUA)—A foreign-funded agricultural project has brought benefits to some 300,000 farmers living in mountainous areas in north China's Shanxi Province.

Initiated in 1991, the program is aimed at improving soil, and building water conservancy and irrigation facilities.

The 314 million yuan (about 36 million U.S. dollars) involved comes partly from loans offered by the International Fund for Agricultural Development.



Now the per-capita income of farmers in the five poverty-stricken counties has increased by 70 yuan (about eight U.S. dollars) a year.

Three more foreign-aided projects are under way in the province, focusing on water and soil preservation. One is financed by the World Bank, another by the World Food Program, and the third by Japan.

#### **Tianjin Universities Offer Courses To Meet Reform Needs**

OW1606092594 Beijing XINHUA in English 0801  
GMT 16 Jun 94

[Text] Tianjin, June 16 (XINHUA)—Optometry, a traditional technique passed on from generation to generation in China, now has become an applied major subject in universities here.

In co-operation with a Japanese vocational school, Tianjin Medical University started its first optometry course in 1991, and it is still the only one in China.

The course covers medical and optical knowledge, and materials science.

Other subjects urgently needed as the Chinese economy expands have also entered the ivory tower, such as toy engineering, fashion design, advertising, appraisal and marketing of jewelry, indoor decoration and gardening.

Toy engineering is offered by the Tianjin Light Industry Institute. Associate Professor Wang Yuliang said that the evolution of toys is closely linked with human progress and scientific development.

Wang noted that the toy industry in China can only match the 1960s level of the advanced countries. At present, China produces 7,000 kinds of toys, a fraction of the world total.

China now has more than 1,000 toy makers, but only one such major in institutes of higher learning. So it is no wonder that all students are snapped up every year upon graduation, Wang said.

#### **Northeast Region**

##### **Heilongjiang Province Trade Fair Opens**

OW1506135894 Beijing XINHUA in English 1336  
GMT 15 Jun 94

[Text] Harbin, June 15 (XINHUA)—The '94 Harbin trade fair opened today in this capital of China's northernmost province of Heilongjiang.

Jointly sponsored by Heilongjiang Province and Harbin City, the week-long fair is the fifth and the biggest held since 1990. The total trade volume of the first four reached 16.75 billion U.S. dollars.

More than 5,000 business people from over 20 countries and regions throughout the world, including Russia and other Independent States of the Commonwealth, eastern European countries, Japan, the United States and the Republic of Korea, are taking part in the fair.

Some 100 businessmen from Hong Kong representing 43 enterprises are attending the fair.

Also included are representatives and delegations from 28 Chinese provinces, autonomous regions and municipalities.

There are 760 exhibitions, 131 of them for overseas businesses and 628 for domestic firms.

##### **Jilin Increases Exports of Agricultural Products**

OW1606092294 Beijing XINHUA in English 0803  
GMT 16 Jun 94

[Text] Changchun, June 16 (XINHUA)—Northeast China's Jilin Province, one of the country's major grain producers, has scored great achievements in the development of export-oriented agricultural production.

Making full use of local natural and land resources, the province has stepped up the construction of processing enterprises for farm products, especially value-added products.

Last year its total export of agricultural products and by-products was 880 million U.S. dollars-worth, over 50 percent of the total export volume of the province.

Foreign funds have been used in this endeavor.

Nearly 100 foreign-funded agricultural firms were founded in 1993, with a total contracted investment of 42 million U.S. dollars. The actual use of foreign funds by the province was 390 million U.S. dollars last year.

Jilin is well known for its ginseng and wild vegetables on the world market. The provincial government has issued preferential policies to support the production and processing of some key products such as ginseng and mushrooms and flowers.

The province exports chicken meat to Japan, the Republic of Korea and other countries.

## Hong Kong

### XINHUA Kills Item on Li Ruihuan Meeting Hong Kong Group

#### Original Version

OW1606014194 Beijing XINHUA Domestic Service in  
Chinese 1240 GMT 15 Jun 94

[By Feng Xiuju (7458 4423 5468); Beijing XINHUA Domestic Service in Chinese at 1607 GMT on 15 June transmits a service message replacing the following item]

[Text] Beijing, 15 Jun (XINHUA)—Meeting with his visitors from Hong Kong today, Li Ruihuan, member of the CPC Central Committee Political Bureau Standing Committee and chairman of the National Committee of the Chinese People's Political Consultative Conference [CPPCC], said that much work remains to be done in implementing the "one country, two systems" principle and in maintaining Hong Kong's smooth transition and its stability and prosperity after 1997.

He said: "Just like accomplishing all other projects, we must strategically despise them but tactically take them seriously. So not only must we have the determination and confidence, but we must also have the capabilities and methods for accomplishing them."

Li Ruihuan made the statement this morning while meeting at the Great Hall of the People with the delegation of the Chinese Manufacturers' Association of Hong Kong headed by its president Herbert Liang.

Li Ruihuan said: The "one country, two systems" principle was Deng Xiaoping's great creation which is in line with the interests of all Chinese people, including our countrymen in Hong Kong, and it has important and far-reaching significance. We will unswervingly implement this principle.

Li Ruihuan urged countrymen in Hong Kong to unite as closely as possible and contribute more to the process of achieving the goal that "Hong Kong is to be governed by Hong Kong citizens themselves."

When the meeting began, Li Ruihuan congratulated the Chinese Manufacturers' Association of Hong Kong on its 60th founding anniversary and welcomed the association's friends on their visit to Beijing. He said: The Chinese Manufacturers' Association of Hong Kong is a business group with extensive influence. Over the years you have accomplished a great deal of work in promoting Hong Kong's prosperity and development, as well as in supporting China's reform, opening up, and modernization. Li Ruihuan urged the association's friends to continue to work hard to make new contributions to Hong Kong's stability and prosperity.

During the meeting, Li Ruihuan also answered the visitors' questions on how to maintain Hong Kong's stability and prosperity during the transitional period.

Also present at the meeting were Wang Zhaoguo, vice chairman of the CPPCC National Committee and head of the CPC Central Committee United Front Department; Jing Shuping, chairman of the All-China Federation of Industry and Commerce; and Chen Ziyang, vice chairman of the State Council Hong Kong and Macao Affairs Office.

#### Replacement Version

OW1606014494 Beijing XINHUA Domestic Service in  
Chinese 1607 GMT 15 Jun 94

[Text] Beijing, 15 Jun (XINHUA)—Li Ruihuan, member of the CPC Central Committee Political Bureau Standing Committee and chairman of the National Committee of the Chinese People's Political Consultative Conference [CPPCC], had a meeting at the Great Hall of the People this morning with the delegation of the Chinese Manufacturers' Association of Hong Kong headed by its president Herbert Liang.

When the meeting began, Li Ruihuan congratulated the association on its 60th founding anniversary and welcomed the association's friends to visit Beijing. He said: The Chinese Manufacturers' Association of Hong Kong is a business group with extensive influence. Over the years you have accomplished a great deal of work in promoting Hong Kong's prosperity and development, as well as in supporting China's reform, opening up, and modernization. I hope you will continue to work hard to make new contributions to Hong Kong's stability and prosperity before and after 1997.

Li Ruihuan said: The "one country, two systems" principle is Comrade Deng Xiaoping's great creation which is in line with the interests of all the Chinese people, including our countrymen in Hong Kong, and it has important and far-reaching significance. We will unswervingly implement this principle. He pointed out: Much work remains to be done in implementing the "one country, two systems" principle and in maintaining Hong Kong's smooth transition and its stability and prosperity after 1997. Just like accomplishing all other projects, we must strategically despise them but tactically take them seriously. So not only must we have the determination and confidence, but we must also have the capabilities and methods for accomplishing them.

He urged countrymen in Hong Kong to unite as closely as possible and contribute more to the process of achieving the goal that "Hong Kong is to be governed by Hong Kong citizens themselves."



**English Language Version**

OW1506133094 Beijing XINHUA in English 1244  
GMT 15 Jun 94

[Text] Beijing, June 15 (XINHUA)—Chinese leader Li Ruihuan said here today that there is much to be done in implementing the principle of "one country, two systems" and maintaining Hong Kong's smooth transition, stability and prosperity.

As in other activities, he said, "strategically we should despise them, but tactically we should take them all seriously.

"So we should not only have determination and confidence, but also the capabilities and methods in handling these things," he added.

Li, Standing Committee member of the Political Bureau of the Chinese Communist Party Central Committee and chairman of the National Committee of the Chinese People's Political Consultative Conference, made these remarks at a meeting with a delegation from the Chinese Manufacturers' Association of Hong Kong led by its president Herbert Liang.

He said the principle of "one country, two systems" has been created by Deng Xiaoping, which conforms to the interests of the Chinese people including the Hong Kong compatriots and is of important and far-reaching significance.

"We will unswervingly implement this principle," he added.

Li urged the Hong Kong compatriots to unite and make more contributions to the process of realizing that Hong Kong is governed by Hong Kong citizens themselves.

During the meeting, Li congratulated the Chinese Manufacturers' Association of Hong Kong on the 60th anniversary of its founding.

He noted a great deal of work that the association has done in promoting Hong Kong's prosperity and development and supporting the mainland's reform and opening to the outside world and its modernizations.

He expressed the hope that the association will continue its efforts to contribute to Hong Kong's stability and prosperity.

**Officials 'Skeptical' on China's Desire To Resolve Disputes**

HK1606042094 Hong Kong HONGKONG STANDARD  
in English 16 Jun 94 p 1

[By Shiny Li]

[Text] Hong Kong's top policy makers are skeptical of recent conciliatory moves by China to resolve some of the biggest disagreements over the territory's future after 1997.

Privately, senior officials have voiced doubts over Beijing's surprise announcement this week that the rows over funding for the new Chek Lap Kok airport and the fate of 38 military sites in Hong Kong could be resolved rapidly.

Senior government sources said: "Don't put too much store by China's recent statements. We have to wait and see."

They said they did not expect those issues—under negotiation for some years to be resolved so quickly.

China and Britain have yet to reach agreement over the future of the military sites, although there has been "good progress" during the 16th round of expert talks.

The Sino-British talks will be concluded today.

Briefed on the progress of negotiations, the Executive Council expressed reservations over a Chinese proposal that the council provide a written commitment that sites not used for military purposes after 1997 will be turned over to the Special Administrative Region (SAR) for commercial use.

Britain had previously insisted on a formal agreement.

Another sticking point, sources said, was the budget for the new naval base on Stonecutters Island and facilities of other military sites.

Even though the two sides had agreed that the size of the new naval base would be reduced, the Chinese side never spelt out what would be the exact budget for building the naval port and the facilities of other military sites, such as dormitories for the People's Liberation Army (PLA).

The sources said the government had a "reasonable" amount in mind and would try to lobby the legislators party by party for funding support.

Also yesterday, it was announced that the plenary Joint Liaison Group (JLG) meeting would take place from 21 to 23 June.

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